# U.S. Department of State
# FY 2000 Country Commercial Guide: Netherlands

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## CHAPTER I. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at the Netherlands' commercial environment, using economic, political and market analysis. The CCG’s were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

The United States' partnership with the Netherlands is its oldest continuous relationship and dates back to the American revolution. Our excellent bilateral relations with the Netherlands are based on close historical and cultural ties and a common dedication to individual freedom and human rights. An outward looking nation, the Netherlands shares with the U.S. a commitment to open markets and free trade. The two countries share similar positions on a number of trade and policy issues and work together bilaterally and through multilateral organizations on matters concerning trade, economic cooperation, and regional and global problems.

The Netherlands is about the size of the State of Maryland, with a population of 15.7 million.

So why should American exporters "Go Dutch?"

The Netherlands is one of the top dozen trading countries in the world. It is ranked 11th in GNP, eighth in imports of goods and services from the U.S., and recently overtook the United Kingdom and Japan to become the largest foreign investor in the U.S. The U.S. is the largest foreign investor in the Netherlands and has its largest bilateral trade surplus in the world with this country ($12 billion in 1998).

In the context of international trade the Netherlands is a key center within the global business network. Its advanced infrastructure is geared towards the transportation of goods, people, and electronic data. Core distribution points within the Netherlands include Rotterdam, the world's largest port, and Amsterdam Schiphol Airport. The importance of international trade for the Netherlands is underlined by the fact that more than half of the Gross Domestic Product (GDP) is generated by activities beyond the national borders.

Over 160 million consumers (more than half the population of the European Union) live within a 300-mile radius of Rotterdam. Use of English is widespread and seventy-three percent of the Dutch population are fluent in one or more foreign languages.

The Dutch economy remains one of Europe's economic powerhouses, and continues to display sustained, albeit slowing GDP growth combined with sharply falling unemployment and moderate inflation. The impact of sharply falling world trade growth is expected to be relatively mild compared to that of the economic downturn in the early 1990’s. This is primarily because the Netherlands successfully addressed the issues of public finances and stagnating job growth long before its European partners. Reforms are continuing with a stronger emphasis on market flexibility. While the economy grew a solid 3.8 percent in 1998, the government estimates that the slowdown in world trade will cause Dutch GDP growth to shrink to an annual average of just 2 percent in 1999 and 2000. OECD and Dutch financial sector forecasts are slightly more optimistic, predicting average GDP growth of well over 2 percent. Reduced economic activity is expected to arrest the fall in unemployment at a level of 5 percent of the labor force, while softening consumer price inflation to just one percent. The Netherlands was one of the first EU member states to qualify for Economic and Monetary Union in May, 1998, and Dutch budget deficit and stock of public debt are converging below or closer to EMU deficit and debt criteria.

The range of export potential for products and services in the Netherlands is amazingly broad-based. American industrial and consumer goods, as well as services, have a reputation for quality. American exporters considering the Dutch market should follow the conventional wisdom which states that an American product with strong sales in the U.S., can expect to do well in the Netherlands.

The country's strategic location combined with the relative ease of doing business makes the Netherlands an ideal European operations location for American companies. The Netherlands boasts a world-class and user-friendly transportation and distribution infrastructure, as well as a full menu of business services. Companies may want to start by taking advantage of the state-of-the-art Dutch distribution system which includes "value added logistics" (VAL) services.

More than 7,000 U.S. companies have appointed Dutch agents and distributors in the Netherlands. Approximately 1,600 American companies or affiliates have operations in the Netherlands, employing over 150,000 people. Many American companies locate Dutch distributors through participation in trade events, and by taking advantage of the services offered by the U.S. & Foreign Commercial Service, which are designed to support the matchmaking process.

American firms expanding into Europe should seriously consider the Netherlands as a springboard into the rest of Europe - geographically, structurally and culturally the most logical choice.

If you are interested in doing business in the Netherlands, the American Embassy should be your first point of contact. If we do not know the answer to your questions, we know who does. Please direct your inquiries to the U.S. & Foreign Commercial Service, Phone: (31) 70 310 9417; Fax: (31) 70 363 2985.

Detailed information on our services and programs in the Netherlands is available on the World Wide Web at http://users.bart.nl/~ustrade

For information on the U.S. Department of Commerce's programs in Europe, see http://www.sce.doc.gov

Country Commercial Guides can be ordered by U.S. exporters in hard copy or on diskette from the National Technical Information Service (NTIS). Please contact the NTIS at 1-800-553-NTIS for more information. Country Commercial Guides can be accessed via the World Wide Web at http://www.STAT-USA.gov; http://www.state.gov/; and http://www.mac.doc.gov. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

# CHAPTER II. ECONOMIC TRENDS AND OUTLOOK

## Major Trends and Outlook

After growing above the trend rate for several years, the Dutch economy is currently showing signs of weakening activity, and growing tension in the labor market. Slackening world demand is forecast to slow the economy to average 2 percent predominantly consumer spending led GDP growth in 1999 and 2000. The cyclical downturn is expected to cause unemployment to reverse its downward trend, but soften consumer price inflation to slightly over one percent. Fiscal consolidation has reduced the budget deficit and the stock of public debt, ranking the Dutch among the pioneers of Economic and Monetary Union (EMU). The impact of lower world demand on economic performance is expected to be relatively mild because the Dutch early on addressed the issues of runaway public finances and stagnating job growth. Since the early 1980's, the Dutch have integrated various strands of economic policy encompassing goals including the improvement of the business climate and restoring fiscal discipline. Sharp cuts in subsidy and social security spending combined with consistent wage moderation and labor and product market deregulation have helped the Dutch economy to achieve sustained economic and employment growth. Reforms are continuing with a stronger emphasis on product market flexibility. Fueled predominantly by strong domestic demand and by an improvement in the Dutch competitive position in export markets, the economy grew a solid 3.8 percent in 1998. Continued strong consumer spending has compensated export demand and fueled much of three percent (year on year) GDP growth in the first quarter of 1999.

The expected economic downswing will have implications for job growth and employment. A forecast slowdown in manufacturing output will cause employment this and next year to grow by less than half the growth rate achieved in 1998. This is likely to reverse the current downward trend in unemployment, and cause the volume of jobless to edge up again from a low of slightly over five percent of labor force reached in 1998. Official labor market forecasts project unemployment to fall to just below five percent of the labor force in 1999, roughly half the EU average. Unemployment is expected to edge up again back to the 1998 level in 2000. Due primarily to government-imposed measures (including higher taxes and excises), the Dutch CPI is currently rising considerably faster than in the rest of the EU. There are, however, no signs that the economy will overheat, and the inflation outlook remains modest. Falling import prices are expected to soften the consumer price index from two percent in 1998, to just over one percent in 1999 and 2000. Led by a recent sharp decline of the Euro vis—a-vis the dollar, financial sector forecasts are less optimistic and expect the CPI this and next year to stabilize at around two percent. A strong merchandise trade surplus continues to fuel a current account surplus in excess of five percent of GDP. Low inflation and a relatively moderate increase in overall wage costs will be good news for the many firms that have already invested in the Netherlands, and for potential investors. Although slightly expansionary, public finances seem to be well under control. The general government deficit is forecast to fall to 1.5 percent of GDP from 1.7 percent in 1999, while the debt to GDP ratio in both years will contract to slightly over 67 percent. Both fiscal deficit and public debt are forecast to converge below or closer to EMU deficit and debt criteria in the near future. The Netherlands was among the initial wave of EU member states qualifying for Economic and Monetary Union in May of 1998.

## Inflation

The Netherlands has one of the best track records in the EU for controlling inflation. Despite buoyant economic growth, relatively low interest rates, and alleged shortages in some sectors of the labor market, inflation continues to be modest. The level of real and potential output remains in balance, and an increase in real labor costs (an accumulated 1.5 percent real increase in 1999 and 2000) will be offset largely by a matching increase in labor productivity. Inflationary pressure in 1999 and 2000 is therefore expected to remain modest. In the absence of significant wage cost inflation and the positive effects of lower energy prices on import prices, upward pressure on the CPI in the coming two years will originate chiefly from public sector-initiated price increases. The Government forecasts CPI inflation to ease to well below three percent in 1999, and soften further to 1.5 percent in 2000. The OECD is more cautious and predicts firming wages in particular to exert an upward pressure on prices and catapult inflation to over two percent in 1999 and to 2.4 percent in 2000. Dutch commercial banks tend to lean more towards the OECD inflation forecast and predict CPI increases of well over 2 percent both in 1999 and in 2000. The largest commercial bank ABN Amro initially forecast a dollar/guilder exchange rate Dfl 1.97/$1 in 1999; however, the exchange rate had reached a level of Dfl 2.15/$1 by July 1999. Nominal and real interest rates have fallen to an historic low. Average yield on treasury issues is forecast to ease to four percent in 1999 and 2000 from 4.6 percent in 1998. Money market rates in both years will hover around 2.75 percent.

## Labor Costs

Labor costs in the Netherlands represent a large part of overall production costs. One of the key economic policy objectives of a new coalition government is to further reduce the wage component in labor costs. A consistent policy of wage moderation combined with declines in the burden of social security contributions by the business sector has clearly borne fruit. During the past 15 years, labor costs in the Dutch manufacturing sector have largely remained unchanged. The biggest threat to sustained growth is the possibility that wage increases may exceed three percent. In the short term this may translate in higher consumption and higher growth. But in the long run, higher wage costs are likely to erode the Dutch competitive position and result in falling exports. So far, there is nothing to indicate an impending wage explosion. Wage bargaining in 1999 yielded an average contract wage rise of 2.7 percent (from average 2.8 percent in 1998), while the average contract wage rise for 2000 is forecast to ease to well below two percent. The wage rise in 1999 is likely to exceed productivity gains and lift per-unit wage cost increases to well over the 2.8 percent recorded in 1998. It has been argued that in the long run the Dutch will have to focus on raising labor productivity rather than wage-cost moderation.

### Principal Growth Sectors

In addition to the "Best Prospects Sectors" listed in Chapter V, there are opportunities for American companies providing products and services which meet the requirements of planned Dutch infrastructure development projects, including: the Rotterdam Port and City Development Plan ("Havenplan 2010"), the Amsterdam Schiphol Airport Development Plan ("Masterplan 2003") which may lead to the construction of a new airport, and a new metro line in Amsterdam ("Plan-Zuid"). The construction of an all-freight rail line between Rotterdam and Germany ("Betuwelijn") and the planned construction of two high-speed passenger rail lines to link Amsterdam with Germany and France using the French TGV are well advanced. The rail links will include long underground sections resulting in extra infrastructure outlays of about $600 million, and special tunnel construction expertise.

### Government Role in the Economy

Unresolved Problems

Deficit and Debt: When the current center-right government took office in 1994, it pledged to continue fiscal discipline, and to meet the Maastricht criteria in time for monetary union by 1999. Since 1994, the deficit as a percentage of GDP has fallen gradually to stay within the Government's and the EMU's deficit targets. The budget deficit, according to the "EMU definition", fell to 1.3 percent of GDP in 1997 and is forecast to decline slightly to over 1 percent of GDP in 1999.

Performance on the EMU public debt criterion is less favorable. The EMU target is a stock of debt of no more than 60 percent of GDP, or sustained progress toward that level. The stock of debt is forecast to fall from 78.5 percent in 1996, to 72 percent of GDP in 1998 and to 70 percent in 1999. The decline is largely the result of the denominator effect (resulting from higher GDP growth), which will contribute to a further substantial drop in the debt ratio. Still, the debt-to-GDP ratio is well above the 60 percent EMU criterion, and thus must be deemed to comply with the looser criterion of "sustained progress" towards 60 percent if the Netherlands is to meet this criterion.

Unemployment and Inactivity: With the creation of over 150,000 new jobs annually (190,000 in 1997), the Dutch labor market is currently outperforming those of other EU member states. The OECD observed that the performance of the Dutch economy in creating jobs has been impressive, and better than that of most other OECD countries except the U.S. In 1997, the OECD singled out the Netherlands as one of five OECD countries which successfully implemented recommendations made in the OECD's "Jobs Strategy" policy aimed at removing labor market rigidities. Wage moderation, flexible labor hours, and a cut in social security programs have all contributed to job growth of 21 percent between 1983 and 1996. The result has been a matching sharp decline in registered unemployment, to slightly over 4 percent of the labor force in the first quarter of 1998. This is well below the EU average, but still considered by many as too high. Strong employment growth in 1998 and 1999 is expected to generate an accumulated 250,000 new jobs. For some time employment growth has been exceeding an expansion of the workforce, causing unemployment to fall sharply. Average unemployment was 5.5 percent in 1998; the official forecast for 1999 is for a decline to just over 5 percent. This is in line with predictions for the Dutch labor market by the IMF and major commercial banks.

The "inactivity ratio", defined as the ratio between benefit recipients and economically active persons is also coming down but remains relatively high. The decline in the inactivity ratio since 1994 has been attributed primarily to sharply rising employment. Reforms in social security programs aimed at stricter criteria for disability and unemployment benefits are expected to further reduce the ratio from close to 83 (i.e., 83 economically inactive individuals supported by every 100 working people) in 1994, to 74 in 1999.

Consensus, Competition, and the Welfare State: Prominent observers inside and outside Government believe that the Netherlands should continue to deregulate, liberalize, and privatize. Political and public opinion is swinging behind the idea of a less generous welfare system, lower taxes, and more competition. Opinion polls show increasing public support for a smaller state sector and a "minimal" (Dutch definition) social security system.

The Netherlands leads its continental EU partners in liberalization and privatization in a number of areas, e.g., postal and telecommunication services, and public transportation, but there is more to do. As a first step towards liberalizing and privatizing the utilities sector, new electricity legislation in response to the EU electricity directive is now before parliament. New electricity legislation sets out a series of ambitious goals for the Dutch energy sector and aims to deregulate the Dutch energy sector through a step-by-step transition towards a complete free market. There is domestic and foreign interest in sectors where competition did not previously exist.

**Balance of Payments Situation**

A positive balance of payments situation continues to be one of the strong features of the Dutch economy. Real export and import growth of close to seven percent contributed to a merchandise and services trade surplus of 43 billion guilders (roughly $22 billion) in 1997. Dutch exports are biased towards recession-resistant food and agricultural products, and semi-finished products, notably chemicals. This has cushioned the Dutch economy from sharply weaker demand from major trading partner Germany and other EU countries during recessions. An increase in the demand for capital goods triggered by a recovery in world trade is, on the other hand, likely to be of less benefit to Dutch exports. With regard to the geographic distribution of Dutch trade, close to 80 percent of exports are destined for the EU, with a little less than 70 percent of Dutch imports originating from the EU. Trade relations with Asia on the other hand are relatively small (imports from Asia account for 17 percent of total imports, exports to Asia cover 7 percent of total exports). This is likely to limit the impact which the financial crisis in Asia will have on the Dutch economy. A large surplus in merchandise trade therefore continues to be the main contributor to a current account surplus of close to 7 percent of GDP, averaging $25 billion in both 1998 and 1999. Except for EU-wide impediments, there are no significant trade barriers. The U.S. has its largest trade surplus in the world with the Netherlands - almost $10 billion. The Dutch currently are our 9th largest trading partner worldwide, and third largest U.S. export market in Europe.

**Infrastructure**

The Dutch Government has been actively stimulating growth, employment, and competitiveness through infrastructure spending of more than 8 billion guilders (roughly $4.7 billion) a year beginning in 1994 and continuing to the end of 1998. In total, $23.5 billion was spent, financed predominantly by one-off proceeds of sales of state holdings including the Dutch State Mines (DSM), the Dutch PTT, and one-time windfall revenues from the sales of natural gas. Total infrastructure spending over the next five years may be higher if the Government succeeds in supplementing this amount with contributions from EU structural funds.

Because European Union rules have opened public procurement to U.S. firms, there may be attractive opportunities for U.S. companies to participate in the renewal of the Dutch physical infrastructure.

## CHAPTER III. POLITICAL ENVIRONMENT

### Nature of Political Relationship with the U.S.

The Netherlands has an historically close bilateral relationship with the U.S., encompassing a full agenda of political, economic, military and social issues. The Dutch are strong proponents of free trade and staunch allies of the U.S. in international fora like the World Trade Organization (WTO), the Organization on Security and Cooperation in Europe (OSCE), the International Monetary Fund (IMF),and other multilateral organizations. The Netherlands and the U.S. also work closely together in NATO, the United Nations, and the Organization on Security and Cooperation in Europe (OSCE). The Dutch play a decisive role in European political and monetary integration. The Dutch also strongly support keeping EU markets open to Central and Eastern Europe and expanding the EU Eastward.

### Major Political Issues Affecting Business Climate

A three-party coalition consisting of the left-leaning Labor Party (PvdA), the right-leaning Liberal Party (VVD) and center-left Democrats (D66), has been in power following general elections in May of 1998. The resulting government is composed of the same three parties as the preceding government, although the balance has shifted somewhat. The Government is implementing a coalition agreement aimed at fiscal consolidation, restructuring the social welfare system, and improving the business climate. Reforms are continuing with a stronger emphasis on market flexibility. Among priorities for addressing business needs are reduction of the company tax burden, and improvement of labor market flexibility. In foreign affairs and defense policy, there is strong consensus in the Netherlands in favor of continued close ties with the U.S., support for NATO, and further European integration through the EU.

**Brief Synopsis of Political System, Schedule for Elections, and Orientation of Major Political Parties**

The Netherlands is a constitutional monarchy with a parliamentary form of government. The Monarch (Queen Beatrix) is the titular Head of State. However, the Council of Ministers (the Cabinet) is responsible for government policy. The Ministers, collectively and individually, are responsible to the Parliament, but do not serve in Parliament.

The Dutch Parliament (also known as the "States General") consists of two houses, the First and Second Chamber. Historically, Dutch Governments have been based on the support of a majority in both houses of parliament. The First Chamber has 75 members who are elected indirectly. The First Chamber passes or rejects bills originating in the Second Chamber. The Second Chamber is by far the more important of the two houses. It alone has the right to initiate legislation and amend bills submitted by the Council of Ministers. It shares with the First Chamber the right to question ministers and junior ministers. The Second Chamber consists of 150 members, directly elected for a four-year term (unless the Government falls prematurely), on the basis of a nationwide system of proportional representation. This means that the members represent the entire country rather than individual districts as is the case in the U.S. Members are normally elected on a party slate, not on a personal basis.

Following elections in May 1998, nine political parties in the Second Chamber represent the political spectrum from left to right. Among the larger parties are Labor (PvdA) with 45 seats, the Liberal (read conservative) VVD party with 38 seats, the Christian Democrats with 29 seats and the left-of-center Democrats 66 (D66) party with 14 seats. The Labor party's traditional base has been among the labor unions and working classes, while the Christian Democrats draw on a long tradition of confessional-oriented organizations. The Liberal party is a strong advocate of free enterprise and restricted government intervention. The D66 party combines views from left and liberal streams, while advocating political reform. The smaller parties include three Protestant groups with orthodox views on ethical questions but leftist views on most other issues, as well as two leftist parties with more traditional socialist views than the labor party. Extremists on the right were voted out of parliament in the most recent Dutch elections in May 1998. These elections have resulted in gains for the two larger coalition parties PvdA and VVD and losses for the third, the D66 party. There seems to be enough common ground on economic policies among the three coalition parties to continue the government's successful socioeconomic policies for another four-year term in office.

## CHAPTER IV. MARKETING U.S. PRODUCTS AND SERVICES

### Distribution and Sales Channels

The introduction of products into the Dutch market is relatively uncomplicated and may be achieved using several methods. Product representation throughout the Netherlands is facilitated by the compact market and may be achieved with any of the following distribution methods to cover the entire area, depending on the expected sales volume, product support requirements, and marketing techniques. However, these methods must be applied being mindful of the advantages a local representative would have in serving the home market:

* Establishing a sales office to serve the entire country and provide a distribution base for Western Europe.

* Selling through an agent or distributor whose activity may cover specified areas, the entire Benelux, or include European sales.

* Selling through established wholesalers or dealers.

* Selling directly to department stores, chains, retailer cooperatives, consumer cooperatives, or other purchasing organizations.

### Use of Agents and Distributors; Finding a Partner

The Netherlands is one of the most densely populated countries in the world, with an average of 958 inhabitants per square mile. This population density compares to 848 inhabitants per square mile for Belgium, 830 for Japan, 613 for the United Kingdom, 583 for Germany, and 70 for the U.S. The most densely populated region in the Netherlands is called the Randstad. This region comprises the key marketing areas of Utrecht, Amsterdam, The

Hague, and Rotterdam. The Randstad is compact, homogeneous, and easily accessible.

Areas outside of the Randstad, including the provinces of Gelderland, Noord-Brabant and the northern provinces, have more land available for larger commercial operations. Other benefits include less congestion, and the availability of financial incentives at some locations.

Distances in the Netherlands are short: from Groningen, the most northerly major city, to Maastricht, at the southern tip, is 200 miles by road. The distance from Rotterdam to Enschede, located near the German border, is about 120 miles. Transportation is excellent by road, rail, and the numerous canals and rivers. Shipments to any point in the country can reach their destination with ease.

The Netherlands has a variety of experienced importers, sales agents, and distributors well versed in international trade. A large portion of the goods is handled by importers who purchase for their own account and distribute throughout the country and Europe. Because of the size, accessibility, and competitive nature of the Dutch market, importers often insist on an exclusive distributorship. If the importer is a well-qualified and experienced firm, an exclusive distributorship often yields the best results. Wholesalers constitute an important segment of importers doing business in this manner. They are the primary source of supplies for the small- and medium-sized retail outlets, which often find it impractical to buy directly from manufacturers who usually require large orders.

Purchasing associations are formed by independent retailers. These associations combine purchasing power and operate their own warehouses, thereby performing a function similar to the wholesaler.

There are many commission agents and brokers in the Netherlands serving the domestic and European markets. A Dutch representative can often provide an excellent starting point in exporting to Europe. Dutch firms can easily handle the logistics, linguistics, adaptations, and stocks on behalf of the American firm.

For products with a high sales volume and low profit margin, the Dutch prefer to deal direct with the manufacturer. Sales to a department store, chain store, or end-user often gives best sales results, but in turn, require greater promotional effort by the

American exporter. Direct sales eliminate shipping and warehousing expenses, but the U.S. exporter and Dutch importer must handle the shipping formalities and work harder to ensure a successful business relationship.

Since the Netherlands represents a compact market, foreign firms customarily have one exclusive representative for the entire country, but it is common for the representative to appoint subagents to cover certain sectors of the market if sales volume and profit margin warrant this.

### Franchising

There are few regulations concerning franchising and none that limit market access to U.S. firms. Franchising has gained wide acceptance and Dutch franchise formulas are one of the fastest growing retail phenomena. A number of American franchise companies have succeeded in the Netherlands, particularly in the fast food area. The European Union issued regulation EU 4087/88 regarding franchising, which provides a unified code for the 15 member states. Its main thrust concerns price fixing, transfer pricing, non-competition clauses, and exclusive dealing. It also exempts certain franchise agreements from EU antitrust regulations.

### Direct Marketing

There are numerous well established sales outlets in the Netherlands. These firms, both at the wholesale and retail level, have traditionally been small units with high overhead. The trend now is for a smaller number of units dealing with a greater volume, and with more competitive prices. Trends in the Netherlands generally mirror those in the U.S. and other European countries. Nevertheless, the Dutch distribution system is moving toward larger, more economically viable units to meet changing market needs. The increased tempo of commercial and industrial activity, as well as suburban development, is bringing about changes in the distribution system. Wholesalers supply a variety of services to associated small retailers, including sales promotion, advertising, and retail training. In some cases, they combine as a group to purchase from manufacturers and then distribute the goods to their customers.

Retail outlets range from the large department stores, through franchise formulas, to the small shop owned and operated by an individual. Although some retail outlets are small, such enterprises are decreasing in number as efficiencies of scale and purchasing power become the major competitive factors bearing on profit margins. A trend toward larger outlets has been underway, with the formation of chains, expansion of department stores, establishment of medium-sized department stores, and the development of chain stores under single management.

Mail-order sales account for a very small part of total Dutch retail sales. Certain firms have used this technique successfully in combination with their usual retail outlet operation. Promotion is carried out by catalog or by newspaper advertisements with no personal contact. Hobby centers, do-it-yourself, auto supply centers, and discount stores also make use of mail-order.

Existing channels of distribution for direct marketing in the Netherlands are set to be shaken up by the increased use of infomercials on Dutch television.

Infomercials, available on most commercial channels, tend to be crudely dubbed versions of existing American infomercials. Most infomercials seen in the Netherlands are broadcast after midnight when air time is cheap, although some shorter, direct-order advertisements are shown during prime time.

Prospects for growth using this method of selling are positive. While Dutch state controlled television networks are currently prevented by law from setting aside the amount of time required for an infomercial, media laws will inevitably be adjusted to allow infomercials on state television. Suppliers of home entertainment products, fitness items, cosmetics, jewelry, and house wares can best benefit from this emerging retail sector.

### Joint Ventures/Licensing

Joint-venture and licensing agreements are commonly used in the Netherlands. The privatization of state-owned companies, including telecommunication and public transport systems, has further stimulated the potential for U.S. firms to enter into joint venture partnerships with Dutch companies.

### Steps to Establishing an Office

The Netherlands offers extensive public and private sector support for companies looking to invest in the Netherlands and/or establish offices. U.S. & Foreign Commercial Service staff at the Embassy can provide appropriate contacts for interested companies.

The following are the most common forms of incorporation:

* Private Company (Besloten Vennootschap met beperkte aansprakelijkheid or BV):
The private company or BV is the most common form of business organization in the Netherlands. This form of organization is similar to the NV, but has a more closed character as shown by differences in the legal provisions concerning shares and lack of regulations requiring disclosure of annual accounts.

The shares of a BV must be registered, but cannot be sold on the stock market or offered for public subscription. Usually, the BV bylaws are written to restrict the transfer of shares. For example, a shareholder may transfer shares only to a very limited category of relatives without the prior approval of the company oversight board established for that purpose without first offering the shares to other existing shareholders. The most important advantage of a BV is the lack of requirement to publish financial reports as a NV must do. However, firms in the insurance or banking sectors that have issued bearer bonds or certificates and that have its shares or bonds listed on the stock exchange must file financial reports.

* General Partnership (Vennootschap Onder Firma) - In a general partnership, the individuals operate a business under a common name. The partners are the owners and managers of the firm and have unlimited liability. They are jointly and severally liable for any obligations of the firm. There are no requirements regarding capital or nationality of the partners who may be individuals or commercial entities. Transfer of an interest in the partnership must be approved by the other partners. Upon retirement or leaving the partnership, the partner remains responsible for any liabilities incurred by the firm before retirement or departure. A written partnership agreement is required by law with the rights and duties of the partners clearly stated.

* Limited Partnership (Commanditaire Vennootschap):
A limited partnership is similar to a general partnership except it has two kinds of partners: one or more general partners who are unconditionally liable for all the firm's activities and one or more limited partners who are not active in management of the firms and whose liability is limited to their capital contribution. Unless previously a general partner, a limited partner's name may not appear in the firm's name. A limited

partner who does not conform to these conditions will be considered a general partner with full liability.

* Limited Partnership with Shares (Commanditaire Vennootschap OP Aandelen): This is similar to the limited partnership except that the interests of the limited partners are represented by transferable shares.

* Cooperative (Cooperatie):
The cooperative is a special type of entity formed to represent the collective interests of its membership, such as buying or selling, rather than primarily an establishment to make profits for investors.  This type of association permits the free entry and exit of its members from the cooperative society.  The organization's name must include the word cooperative (cooperatief) and must give a general indication of its purpose such as a consumer, dairy, or insurance cooperative.  The cooperative name must also include the degree of liability its members are exposed to:  WA, unlimited; BA, limited; or UA, no liability.

* Cooperation (Naamloze Vennootschap or NV):
The advantages of being a corporation (NV) in the Netherlands include the limited liability for shareholders, entering into contracts, ability to sue (and be sued), and transferability of shares.

Several steps are required to form an NV:
(1) execution of the articles of incorporation before a notary by at least two of the company's founders;
(2) the submission of notarized articles to the Netherlands' Ministry of Justice for review for legal compliance;
(3) publication of the articles and the ministry declaration in the Official Gazette (Nederlandse Staatscourant);
(4) registration of the NV with the local chamber of commerce.

The articles of incorporation must be in Dutch and be executed before, and registered by, a notary.  The name and location of the principal administrative office and purpose of the company must be provided.  The amount of capital, number of shares owned by each of the founders must also be indicated.  The first board of directors, if there is to be one, is included in the articles with later appointments to the board made at the general stockholders' meeting.

Included in the articles of incorporation must be information on any special agreements that will obligate the company being set up. Such expressed or tacit agreements may relate to acquisition of shares on a preferential basis or assuring the founder of a profit or payment. After the company has been established, management can enter into such agreements only if it has explicit authority in the articles of incorporation.

The name of the corporation must begin or end with Naamloze Vennootschap or its abbreviation NV, which is the more common practice. The firm's name should either be in Dutch, or if in another language, include some additional name such as Nederland, Holland, or the place of establishment of the company. Any business name previously in legal use by another company, or one that may cause confusion between two firms, may not be used.

The principal administrative office of a Dutch company or foreign subsidiary must be in the Netherlands if it is to have Dutch nationality. Transfer abroad of the principal administrative office deprives the company of Dutch nationality. Where the activities of the company are actually conducted is of no relevance in establishing nationality if the company's principal administrative office is in the Netherlands.

The NV, whether domestically or foreign-owned, may raise capital by public or private issue of shares in the Netherlands. The typical NV has three separate and distinct authorities: the stockholders, board of directors, and managing board. Responsibilities among these three bodies are governed by the commercial code and the articles of incorporation. The stockholders, as owners of the firm, exercise authority at the general shareholders meeting. Each shareholder has voting rights proportional to the stocks held. The board of directors is charged by the general meeting of shareholders with supervision of the management of the firm. The managing board is entrusted with managing the affairs of the firm, administering to the business activity, care of the property and other assets, and representing the interests of the shareholders and the firm.

**Selling Factors/Techniques**

The European Union has created a Directive establishing the obligations and conditions of European agents and their foreign suppliers. The purpose of this legislation is to harmonize the laws and provisions of the member states governing the relations between commercial agents and their principals.

The Directive establishes terms and conditions regarding the respective rights and obligations of the principal and the commercial agent, remuneration of the agent, and the conclusion and termination of the agency contract. To date, implementation of the Directive has been slow, but U.S. firms entering into agency contracts in the European Union should be aware of the principles of the Directive.

On a micro level, the following generalizations can be made about the Dutch consumer:

* The Dutch are price sensitive but demand quality.

* They are not impulse buyers.

* Clever packaging plays a minor role in influencing shoppers.

* Advertising tends to be informative and not creative.

* The Dutch speak their minds and will not waste your time or their own, if they are not interested in your product.

## Advertising and Trade Promotion

A full range of advertising media is available in the Netherlands. Numerous radio and television stations serve the country. A cable television system is available in most areas with the majority of the population having cable service. The Netherlands is receptive to new technology and the Internet is no exception. Use of the medium is growing exponentially and is becoming an important medium for commerce.

There are numerous advertising agencies with a wide range of services. Larger agencies provide a full range of advertising services and are members of the Institute of Advertising Practitioners, which is closely associated with the American Association of Advertising Agencies.

Advertising agencies utilize every medium available to advertisers: Internet, direct mailing, press, radio, television, point-of-sale advertising, posters, and public transportation placards. Other promotional techniques, such as coupons, samples, premiums, and prizes, are also used. Laws covering gaming and lotteries as well as restrictive trade practices are strictly enforced by the Government. Firms advertising and selling goods should obtain local advice regarding provisions of the laws and consumer acceptance of the promotional or marketing approach.

Dutch firms engaged in market research provide the usual range of services, including store audits, consumer surveys, product field testing, and attitude and motivation research. In general, if the advertising technique works well for a particular product line in the U.S. and elsewhere in Europe, the Dutch market should also be receptive to the approach, but on a more reserved basis. Local opinion should be obtained before implementing a strategy that calls for a major commitment of the marketing budget.

The names of Dutch advertising agencies, market research organizations, and management and public relations counseling firms may be found in such publications as the International Directory of Market Research Houses and Services, American Marketing Association, 420 Lexington Avenue, New York, NY 10017, Phone: (212) 687 3280, and the Directory of Marketing Research Agencies and Management Consultants in the U.S. and the World, Bradford, P.O. Box 276, Fairfax, VA 22030, Phone: (703) 560 7484.

The principal advertising media are the press, television, and radio. Cinema is primarily a support medium with a strong reach among the 15 to 24 year age group.

The following are major Dutch newspapers:

Algemeen Dagblad
P.O. Box 8751
3009 AT Rotterdam
Phone: (31) 10 406 7211
Fax: (31) 10 406 6975
National conservative daily
Circulation: 416,000

Het Financieele Dagblad
P.O. Box 216
1000 AE Amsterdam
Phone: (31) 20 592 8888
Fax: (31) 20 592 8800
National business daily
Circulation: 41,000

De Volkskrant
P.O. Box 1002
1000 BA Amsterdam
Phone: (31) 20 562 9222

Fax: (31) 20 562 6289
National labor-oriented daily
Circulation: 358,000

De Telegraaf
P.O. Box 376
1000 EB Amsterdam
Phone: (31) 20 585 9111
Fax: (31) 20 585 2113
Conservative, sensationalist national daily
Circulation: 750,000

NRC Handelsblad
P.O. Box 8751
3009 AT Rotterdam
Phone: (31) 10 406 7211
Fax: (21) 10 406 6975
Influential, independent national evening daily
Circulation: 268,000

Elsevier
P.O. Box 152
1000 AD Amsterdam
Phone: (31) 20 567 4911
Fax: (31) 20 567 4592
Weekly news and opinion
Circulation: 124,000

Management Team
P.O. Box 397
3900 AJ Veenendaal
Phone: (31) 318 549 710
Fax: (31) 318 549 720
Biweekly national management magazine
Circulation: 120,000

Exhibitions are a cost-effective method to enter a foreign market and meet a wide range of buyers interested in a particular industry sector. Sales professionals find that trade fairs attract extensive buyer attendance and frequently can be used to gauge acceptance and pricing of new products and to observe the competition. In the course of a few days, a new market entrant may be able to generate more qualified and motivated prospects than by using any other sales approach. New products are frequently introduced at trade shows so that competitive products can be identified and evaluated as they emerge in the market place, thus providing important marketing information. Fairs are particularly useful for introducing a new product to the market or for finding an agent, distributor, or representative.

### Pricing Product

The Netherlands is an extremely competitive market with high receptivity to U.S. goods. When pricing product for sale in the Netherlands, U.S. exporters should be aware of additional costs which can reduce profit margins below those available in the U.S.

A value-added tax of 17.5 percent is charged on the majority of goods sold in the Netherlands. Imported goods are also subject to customs duty. The costs of transportation, freight forwarding and customs brokerage charges will further diminish margins, as will commissions to agents and distributors. Commissions are generally higher in the Netherlands than in the U.S., as are retailer profit margins.

As is the case in the U.S., pricing of product depends on a myriad of variables including: channel of distribution, product, season, consumer receptivity, economic climate, etc. The U.S. & Foreign Commercial Service can offer U.S. exporters advice on product pricing if required.

### Sales Service/Customer Support

The Dutch purchase from international sources and expect well-designed, high-quality products, with efficient after-sales service. An effective servicing system should be incorporated into distribution plans.

The U.S. exporter would be ill-advised, after having appointed a representative firm, to provide only product literature and samples and then expect to have good sales results. Regular communications and visits to the representative, particularly when newly appointed, by seasoned sales personnel or company technicians can reveal information on market developments and assist in the solution of any problems. Regular submission of sales reports can be a vital link to analyzing sales results and identifying potential problems before a serious one occurs.

### Selling to the Government

It is almost impossible for U.S. companies to sell to the Dutch Government without local representation. All public sector procurement tenders over the threshold amount of 5 million ECU ($4.3 million) are published both in the EU Journal and the Dutch Government Gazette (Staatscourant).

Companies interested in identifying and bidding on government procurements under this amount will have to contact the individual Dutch ministries directly. A well-connected local representative is vital in this process.

### Protecting your Product from IPR Infringement

The Netherlands has legislation for the protection of patents, trademarks, and industrial designs. It is a member of the Paris Union, which adheres to the International Convention for the Protection of Industrial Property. Detailed information and applications for patents, registration of trademarks, and for design protection should be obtained from: Patents Council, Octrooiraad, Patentlaan 3, 2288 EE Rijswijk (ZH), the Netherlands.

The Netherlands is a signatory to the European Patent Convention, which provides for a centralized European-wide patent protection system. The European Patents Act of 1977 provides increased legal protection, a patents court, and guidelines for compensation of an inventor.

The European Patent Convention has simplified the process for obtaining patent protection in the EU member states. Under the European Convention, an applicant for a patent is granted a pre-examined 15-year, nonrenewable European patent that has the effect of a national patent in all 16 countries that are signatories of the convention, based on a single application to the European Patent Office. This procedure should expedite the granting of patents. However, infringement proceedings remain within the jurisdiction of the national courts, which could result in some divergent interpretations. For information, write to the European Patent Office, Motorama-Haus, Rosenheimer Strasse 30, Munich, Germany.

Both the Netherlands and the U.S. are signatories of the Universal Copyright Convention, which provides for mutual copyright protection. The Netherlands is also a member of the Bern Convention, which forms the International Union for the Protection of Literary and Artistic Works.

### Need for a Local Attorney

While it is important to obtain specific legal advice on appointing an agent or distributor, some general guidelines follow. All agent agreements should be in writing and state if it is an exclusive arrangement. Termination of the relationship is the single main area that most frequently causes problems for American exporters. Generally, the civil codes protect the interests of the representative. In the absence of termination provisions in a written agreement, the law provides for a minimum notice of termination of four months. Parties may agree to other terms, provided the notice of termination is not less than one month and up to 6 months, depending on the duration of the agency relationship. An agreement with a definite period terminates on the agreed expiration date. If the parties continue to operate under the agreement after that date, the agreement is usually deemed extended for a further identical period but not for more than a year. If the American principal wants to terminate the relationship, notice of termination should be given, even with definite term contracts.

The termination of an agreement without the required notice makes a principal liable for compensation. The agent could seek to claim the amount of the commissions that would have been earned during the termination period or for the amount of actual damages suffered. In exceptional cases, and only for just cause (such as competition or fraud), an agreement may be terminated without notice provided the other party is immediately advised of the reason. In such cases, the courts may be requested to terminate the contract.

At the expiration or termination of an agreement, by whatever means, an agent who has increased the value of the business is entitled in principle, to an adequate remuneration which cannot exceed the average of the commissions in one year. Such claims by agents are subject to an expiration term of one year.

A sales representative located in the Netherlands is in an ideal position to market a product throughout all of Europe. Frequently, American firms will also rely on the Dutch distributor to handle the details of customs clearance, product labeling, and packaging for European preferences regarding the product. These duties should be explicitly stated in a contract.

Before entering into any agreement with a partner, the American principal should first review the provisions of Dutch law with a qualified attorney. The legislation regarding unilateral termination of distribution agreements is designed to provide the local distributor with some degree of protection and monetary compensation when an agreement is terminated by the grantor, for reasons other than cause. The legislation will apply regardless of any clause in the agreement itself, and the parties may not deviate from the legislation as long as the distribution agreement is in force.

Three kinds of agreements are generally recognized:

* Exclusive distributorships, where the distributor has the sole right to sell specified goods within a defined area.

* Quasi-exclusive distributorships, where the distributor sells almost all the specified products within a defined area.

* Informal distributor arrangements under which the grantor imposes heavy obligations on the distributor and which would cause damage to the distributorship if the grantor terminated the agreement.

In the absence of mutual agreement, or the failure to meet contract obligations, a distribution agreement of indefinite term cannot be terminated by the grantor without reasonable notice or fair compensation. In general, grantors should consider protecting themselves by entering into agreements for definite periods rather than an indefinite period. Also, specific minimum performance clauses should be considered, such as percent of distributor's sales, minimum annual sales, number of business contacts to be made, etc., and proposing that U.S. law and courts have jurisdiction.

**Performing Due Diligence/Checking bona fides of Banks/Agents/Customers**

The U.S. & Foreign Commercial Service provides publicly available information on Dutch banks and other commercial organizations. For more in-depth background checks, it is advisable to make use of the services of a reputable credit reporting agency.

CHAPTER V. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

**Best Prospects for Non-Agricultural Goods and Services**

Sector Rank: 1
Sector Name: Computer Software
ITA Industry Code: CSF

Narrative: The Netherlands market for computer software products amounted to almost US$ 2.2 billion in 1998, representing a growth rate of about 14 percent. The total Dutch market for information technology (IT), consisting of hardware, software and services, expanded by about 12 percent to an estimated total of US$ 10.5 billion that same year. Trade sources expect the software market to grow by 12-15 percent in 1999.

Industry observers indicate that more than 35 percent of the software market consists of packaged software. Systems software and utilities account for 25 percent; networking software amounts to about 30 percent of the software market, while other software products amount to 10 percent.

Overall the Netherlands has a large number of software and services firms, ranging from very small, often serving niche markets, to very large firms. Large Dutch software firms include Baan for Enterprise Resource Planning (ERP) software products and Exact accounting software. The Dutch Government has begun to stimulate and support entrepreneurs to start up new businesses and develop innovative high technology products in the last year.

At this time, more than 60 percent of the software products available in the Netherlands are imported products. U.S. companies, by far, are the largest suppliers in the competitive, but open Dutch import market. Competition comes from other European Union countries, including Germany and the United Kingdom.

Contributing to the growth in 1998, particularly in the standard applications software segment, were the introduction of the Euro, new European Monetary Unit, and Year 2000 problems. Increasing use and popularity of the Internet (currently about 2.3 million Dutch users) and new E-commerce facilities also stimulate growth.

The top 100 Dutch companies, particularly those that process large amounts of data, such as several multinational firms as well as banking and insurance, have traditionally been the largest investors in all types of computer and software products. Both the central as well as the local Dutch governments have been investing considerably in IT and IT investments amounted to more than US$ 1 billion. The consumer sector also has become a significant contributor to the growth.

In the business market Windows NT is rapidly becoming a standard.

UNIX is the most commonly used operating system for servers in the Netherlands, although it is expected that further growth in the UNIX market will primarily come from the more technical and CAD markets. Windows ('95 and'98) is the most used operating system for desktops and notebooks.

Dutch businesses increasingly invest in ERP and related products. Sales for these products are expected to grow to some US$ 275 million by the year 2000. German SAP is the most popular supplier, followed by Dutch Baan Company.

With the rapidly increasing implementation and use of networks, Internet access and E-commerce developments, security is becoming a major concern in government and business.

Best prospects: all types of standard applications, Internet and Intranet software, ERP and ERP related products, all types of networking software and network security products, development tools, Windows NT and UNIX-based products, game software for the consumer sector.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 1890 | 2150 | 2470 |
| b. Total Local Production | 740 | 850 | 970 |
| c. Total Exports | 85 | 95 | 110 |
| d. Total Imports | 1235 | 1395 | 1610 |
| e. Imports from U.S. | 735 | 835 | 960 |

Exchange Rate  $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 2
Sector Name: Computer Services
ITA Industry Code: CSV

Narrative: The Netherlands market for computer services was estimated at almost US$ 2.9 billion for 1998. The services market grew by an average 14 percent in 1998. Growth in the services sector was stimulated when government and business began to focus increasingly on the much-publicized Year 2000 software problems and the introduction of the Euro Monetary Unit.

The computer services market is expected to continue to grow in 1999. Trade sources forecast growth figures of 15-20 percent for the year. Demand is strongest from financial organizations, central government organizations, Dutch multinational firms, public utility companies and the health care sector.

Competition in the market is increasing, while mergers and take-overs continue to take place in this segment. A growing problem accompanying the growth is the difficulty that services firms are experiencing in finding sufficient qualified staff to service their clients.

Over all, the Netherlands has a large number of services firms, ranging from very small to very large companies, and from hardware vendors to management consultants. About 30 percent of the market is in the hands of the top five, primarily local service providers, e.g. Origin, Getronics, CMG, Roccade. Getronics recently completed its US$ 2 billion acquisition of Wang Global. The combination will make Getronics one of the largest network and desktop services companies in Europe. Dutch service firms, in general, are looking more and more to expand their business outside of the Netherlands, particularly in other parts of Europe.

A number of U.S. firms have successfully established themselves in the Dutch market, primarily with local subsidiaries and through acquisitions. These include IBM, EDS, Andersen Consulting and CSC. The majority of these firms offer various services to multiple industry sectors. More recently, also smaller U.S. firms have entered that service a niche market and concentrate on one or two sectors. U.S. firms are expected to continue to do well, as others successfully enter the open Dutch market for the first time. Competition primarily comes from other European Union countries, including Germany and the United Kingdom.

Best prospects in this segment include: training, facilities management and outsourcing, computer network services, particularly network implementation and network management, consulting services, and services specifically relating to the Year 2000/Century Date Change problems and services in conjunction with the introduction of the Euro Monetary Unit.

| USD millions | 1997 | 19981999 |
|---|---|---|
| a. Total Sales | 2515 | 28653325 |
| b. Total Sales Local Firms | 1335 | 15301775 |
| c. Total Export Sales Local Firms | 305 | 355 410 |
| d. Total Sales Foreign-owned Firms | 1485 | 16901960 |
| e. Sales U.S.-owned Firms | 1030 | 11751365 |

Exchange Rate $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 3
Sector Name: Computers and Peripherals
ITA industry Code: CPT

Narrative: The computer hardware and peripherals market constitutes the largest segment of the US$ 10.5 billion Dutch market for IT products. Computer hardware and peripheral sales grew to an estimated US$ 5.5 billion in 1998. Industry specialists forecast a further 10 percent growth for 1999.

Driving factors for continued growth include the strong Dutch economy, rapidly growing use of the Internet and introduction of E-commerce, hardware price reductions, the introduction of faster products that require more storage, and new network technologies.

As the Dutch economy continues to grow, Dutch companies more and more recognize the strategic importance of a solid IT infrastructure. The Dutch government has announced several major IT projects, including a US$ 400+ million program to stimulate the use of IT in education. Finally, consumers also are spending major amounts on multimedia computer equipment and software products.

One of the fastest growing segments in the Dutch hardware market is the PC segment. More than 1.6 million PCs were sold in the Netherlands in 1998, a growth of about 22 percent in number of units over 1997. About one third of PCs were sold to the consumer sector. With prices in some cases coming down to less than USD 1,000 for a well-equipped multimedia PC, continued growth in the volume of PCs is forecast for 1999. U.S. manufacturers Compaq, Dell, IBM and HP dominate the market for desktop PCs and servers. According to IDC, sales of servers grew by 9.1 percent in 1997. Toshiba, Compaq, IBM and Dell are strong in the notebook market. In 1998, 190,000 notebooks reportedly were sold for use in business and 45,000 units were sold for home use. In 1999, these numbers are forecasted to grow to 233,000 and 50,000 units respectively. Palmtops have not yet found widespread usage. As a result of the growing importance of networks and decreasing prices, there is renewed interest in mainframes and mid-range computers. The RISC/UNIX workstation market is large, but further growth is mostly expected in the technical and CAD areas.

Internet use in the Netherlands grew from 1.6 million users at the end of 1998 to approximately 2.3 million users by mid-1999. E-commerce is expected to really take off during 1999 and into the next millennium. Industry sources report Internet sales of US$ 350 million in 1998 will more than double in 1999.

The Netherlands market depends primarily on imported products. Local PC production mainly consists of assembly of products from imported components. Distributors, e.g. Ingram Micro, and Info Products are locally assembling PCs. Hewlett Packard announced it will outsource assembly of its PCs to SCI Systems in a new factory in the northern part of the country. When operational, this new assembly and logistics facility will offer employment to at least 1,000 workers. Following major losses, Dutch manufacturer Tulip was taken over in 1998 and now concentrates on sales/marketing and assembly. Taiwanese Acer also operates an assembly plant in the Netherlands. Dutch multinational Philips Electronics is a major supplier to the computer hardware industry with peripheral equipment such as monitors and CD-recorders. Philips production of this equipment largely takes place outside of the Netherlands. Exports, primarily to other European Union (EU) countries, consist mostly of re-exports and PCs from local assembly plants or value added logistics firms and European distribution centers located in the Netherlands.

Best prospects include: Pentium II and Celeron based PCs, Intel Pentium/Windows NT based PC servers, all types of networking products, notebooks, palmtops, storage products, scanners, (color) inkjet and laser printers, CD-ROM recorders.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 5030 | 5510 | 6060 |
| b. Total Local Production | 1160 | 1270 | 1400 |
| c. Total Exports | 2815 | 3080 | 3390 |
| d. Total Imports | 6685 | 7320 | 8050 |
| e. Imports from U.S. | 2230 | 2450 | 2700 |

Exchange Rate $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 4
Sector Name: Defense Equipment
ITA Industry Code: DFN

Narrative: Up to now, U.S. defense companies have been very successful in selling their products and services to the Dutch

Ministry of Defense. This may become more difficult in the future with the re-formation of the European defense market. The Netherlands will have to contribute to the defense base in order to remain a player in the European market. Therefore, the concept of 'buying European' may become increasingly significant to the Dutch. Nevertheless, the Netherlands should continue to be a good market for U.S. suppliers of defense material, especially when competitive products and services and good offset packages are offered.

The defense industry in the Netherlands is not very large. In 1998, this industry was comprised of 132 companies that had a turnover from defense activities amounting to $26.5 billion.

The following breakdown indicates the value of tenders received by various industries. Those with high totals are strong domestic industries while those industries with lower totals are weaker domestic industries. The weaker industry areas hold the greatest opportunities for U.S. suppliers.

Tenders allocated by industry groups:

| INDUSTRY | USD MILLIONS |
|---|---|
| Chemical | 125 |
| Metal | 92.5 |
| Shipbuilding | 450 |
| Transportation | 90 |
| Aircraft building | 90 |
| Electronics | 525 |
| Building | 600 |
| Munitions | 40 |
| Optical mechanics | 55 |

On the government side, however, contracts awarded in 1998 amounted to $2.5 billion. Of this total, 33 percent was awarded to foreign companies or consortia, amounting to $750 million. A breakdown of the number of orders won by various countries indicates that the U.S. has won over 34 percent of the foreign-awarded contracts in 1998.

Breakdown of number of orders (greater than USD 125,000.00) won by various countries in 1998:

| COUNTRY: | NUMBER OF ORDERS: | |
|---|---|---|
| | 1998 | 1997 |
| United States: | 200 | 610 |
| Germany: | 120 | 200 |

| | | |
|---|---|---|
| U.K.: | 60 | 190 |
| Belgium: | 50 | 40 |
| France: | 45 | 15 |
| Canada: | 15 | 1 |
| Other: | 95 | 195 |

The acquisition and replacement of a large number of materiel is expected to drive up industry activity and government procurements over the next five years.

Best prospect areas include high-tech commodities with state-of-the-art capabilities, such as specialized surface vessels (design technology, systems technology and platform automation); radar and electro-optical sensors; simulators; data and telecommunications systems; composite materials; electronics; and data processing.

USD Millions

| | 1997 | 1998 | 1999 |
|---|---|---|---|
| Total Market Size | 2,350 | 2,250 | 2,400 |
| b. Total Local Production | 1,550 | 1,500 | 1,500 |
| c. Total Exports | NA | NA | NA |
| d. Total Imports | 800 | 750 | 900 |
| e. Imports from the U.S. | 392 | 255 | 315 |

Note: Total market size is comprised of the value of government contracts awarded each year. Even though export figures are not available at this time, export statistics are anticipated to be low.

Exchange rate: $1 = Dfl. 2

The above statistics are unofficial estimates

Sector Rank: 5
Sector Name: Travel and Tourism Services
ITA Industry Code: TRA

Narrative: The Netherlands is the fifth largest tourism market for the U.S. in Europe. The number of Dutch visitors to the U.S. continues to grow. In 1998, the number of visitors reached 490,198. In 1999, the expected number of visitors is 508,000, a 3.6 percent increase. New York, California and Florida are the most popular destinations for Dutch tourists. The U.S. is the number one long-haul destination for the Dutch with 30 percent of the long-haul market, leaving Asia/Far East, Latin America and other long-haul destinations far behind. Ten major airlines have direct flights from Amsterdam's Schiphol Airport to major cities in the U.S.. Continental Airlines, will start flying on Amsterdam Schiphol Airport in July, 1999. The Netherlands has a well developed travel trade with an estimated 110 tour operators of which 52 have active Visit USA programs.  Ongoing competitive pressure will put a number of tour operators out of business in the next decade.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Spending on foreign vacations | 7,250 | 7,580 | 7,850 |
| b. Spending on other foreign travel | 1,905 | 2,000 | 2,045 |
| c. Spending on domestic vacations | 1,830 | 1,852 | 1,915 |
| d. Receipts from Dutch residents | 920 | 975 | 1,010 |

Exchange Rate:  $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank:        6
Sector Name:        Telecommunications Services
ITA Industry Code:  TES

Narrative: The total Netherlands telecommunications market amounted to approximately US$ 10.6 billion in 1998.  The total Dutch market is expected to grow by approximately 5-10 percent in 1999 to about 11.3 billion dollars.  Approximately 85 percent, or US$ 9 billion, of the market consists of telecommunications services, while the remaining 15 percent, about US$ 1.6 billion, is telecommunications equipment.  The services segment is expanding at an estimated 7-10 percent in 1999.

The Netherlands today offers an open, liberalized telecom market, which is accessible and welcomes new investments, both foreign and domestic.  The Dutch Government is committed to promote competition in the telecom market. The new Telecommunications Act, offering the legal framework within which the telecommunications market can develop, was published in November 1998.

Privatized since 1989, the market for telecommunications services is still dominated by the telecommunications part of former Dutch state-owned Royal Dutch PTT (Post, Telegraph and Telephone), KPN Telecom. KPN is active in all fields of the telecommunications market. Even with KPN still a dominant factor in the market, the Netherlands currently belongs to the more liberalized telecom countries in Europe and has pro-actively promoted competition in recent years.  As an example, the Dutch public voice telephony market was liberalized prior to January 1, 1998, the date set by the European Union for liberalization. Mobile telephone service was liberalized in 1995 and the fixed telecommunications infrastructure was liberalized in 1996.

In fixed line telephony, KPN today still only has a limited number of competitors, particularly in the consumer market and local calls segment. With number portability since 1999 and carrier pre-selection in 2000, competition is expected to increase. Fixed line voice telephony was completely liberalized on July 1, 1997. EnerTel/WorldPort and Telfort also offer fixed line services, mostly to business end-users.

Mobile phones have become very popular in the last year and competition grew rapidly in 1998. It is expected that by the year 2000, there will be more than 4 million Dutch mobile phone users. Five mobile telephone companies are active in the Netherlands. These include: KPN with a market share of 60 percent, Libertel since 1995 with a market share of about 34 percent and three newcomers, Telfort since September 1998, and Dutchtone and Ben since early 1999.

In the international business telephony market, KPN is active via Unisource and more recently through its joint venture with U.S. firm Qwest. In the last few years, a number of new operators have entered the market, primarily targeting the business market. These include Telfort, Versatel, MCI WorldCom, WorldPort, Global One and Esprit Telecom.

Cable (television) density is more than 90 percent in the Netherlands. A number of cable companies are starting to also offer telephony services, these include A2000 (UPC) and EnerTel.

Best prospects include: mobile and fixed line telephony services, switched data and leased line services.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Sales | 8,250 | 9,025 | 9,660 |
| b. Sales by Local Firms | 7,050 | 7,710 | 8,250 |
| c. Exports by Local Firms | - | - | - |
| d. Sales by Foreign-Imports Firms | 1,200 | 1,315 | 1,410 |
| e. Sales by U.S.-owned Firms | 1,000 | 1,100 | 1,200 |

Exchange Rate: $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 7
Sector Name: Electromedical Equipment
ITA Industry Code: MED

Narrative: The following statistics underline the potential of the market for electromedical equipment in the Netherlands: Health care expenditures currently represent about 8 percent of the Netherlands' Gross National Product. Per capita annual spending on health care is in the region of $2,000.

Turnover in the electromedical equipment market in the Netherlands was been estimated at $640 million in 1998. Around 100 companies generate this turnover. Eight percent of turnover is accounted for by specialized Dutch manufacturers. Another eight percent is generated by specialized technical trading companies which import and produce equipment. The remaining eighty-four percent of turnover is generated by imports. In terms of product breakdown, 47 percent of turnover is attributable to equipment and installations (large and small-scale capital goods), 46 percent comes from instruments, reusable and disposable goods, while 7 percent is generated by the provision of services. Dutch medical technology importers are highly specialized, both in terms of product knowledge, and knowledge of the Dutch health care structure. Most Promising Subsectors include medical imaging equipment, implantable electronics, biosensors, and medical lasers.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. *Total market size | 611 | 640 | 690 |
| b. Total local production | 49 | 51 | 51 |
| c. Total Exports | 32 | 35 | 39 |
| d. Total Imports | 513 | 600 | 600 |
| e. Imports from U.S. | 300 | 300 | 350 |

*includes re-exports

Exchange Rate $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 8
Sector Name: Telecommunications Equipment
ITA Industry Code: TEL

Narrative: The Dutch market for telecommunication equipment amounted to an estimated US$ 1.55 billion in 1998. The growth rate for the telecommunications equipment segment is forecasted at an average 5-6 percent for the next few years.

The 1998 auction of additional GSM licenses for mobile telecommunications and the planned auction of new mobile licenses conforming to the Universal Mobile Telecommunication System (UMTS) standard in 1999, are expected to have a positive effect on the market for telecommunications equipment.

Lucent Technologies and Ericsson both have production, major research and development facilities and service operations in the Netherlands. Additionally, Alcatel, Siemens and Nortel, Nokia and Motorola are major players in the Dutch market, but they do not operate local production or R&D centers in the Netherlands. Dutch electronics multinational Philips also is a provider to the telecom industry.

Fiber optic and coax cable are primarily supplied by wire and cable manufacturers located in the Netherlands. These include NKF and Draka.

Best prospects include: infrastructure equipment for mobile telecommunications, all types of terminal equipment, including mobile terminal equipment and ISDN terminal equipment, business communications equipment.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 1,450 | 1,545 | 1,630 |
| b. Total Local Production | 1,600 | 1,700 | 1,790 |
| c. Total Exports | 1,310 | 1,395 | 1,470 |
| d. Total Imports | 1,160 | 1,240 | 1,310 |
| e. Imports from U.S. | 200 | 220 | 240 |

Exchange Rate: $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 9
Sector Name: Automotive Parts & Service Equipment
ITA Industry Code: APS

Narrative: The Netherlands is a small country with an extensive public transportation network, but despite its small size, automobiles play an important role. About 77 percent of all transportation of people is done by automobiles. By comparison, public transportation and motorcycles account for 15 and 8 percent respectively, of the total movement of people.

The total number of registered passenger cars in the Netherlands is 6 million units, a relatively high number, given that the total population is 15.5 million. In 1997, 478,430 new passenger cars were sold in the Netherlands, valued at $10.2 billion. Total sales of new cars increased by 8 percent for the first half of 1998. In addition 852,000 used cars were sold, worth $6 billion. Only a very small percentage of these cars are manufactured in the U.S. But in general, Chrysler, General Motors and Ford are making inroads in the Dutch market.

Increased complexity and the application of high-tech are major trends for new passenger cars. This demands more sophisticated garages and thus results in greater investment in high-tech garage tools and equipment. Best prospect sub sectors are garage testing lanes and electronic testing and diagnostics equipment. Also, the Netherlands has growing environmental concerns, which create a need for new and innovative environment-friendly products and technologies.

A continuing trend is the growing Dutch interest in car-customizing. Opportunities exist for U.S. manufacturers of high quality and price-competitive audio equipment(HS-852721910, HS-852721990), alloy wheels(HS-870870500), wooden trimmings(HS-442010190), seat covers(HS-63049300) and other interior and exterior accessories for European cars. The increased value of cars and higher theft rates also create demand for a wide range of anti-theft products.

Significant growth is expected in garage testing lanes. Spending in this area is estimated at $10 billion, including soil sanitation and the laying of fluid resistant flooring. Products include: sophisticated infrared testing equipment(HS-903180390) and micro-electronic exhaust testers, as well as sealed and recyclable batteries(HS-850710810). Asbestos-free brake(HS-870831990) and friction materials are in demand, as well as paint thinner and recycling products. Products for waste oil and other waste materials storage, and transportation and special filter installations for auto paint spraying are also making strong inroads. In the short term a dramatic increase in the use of computers, software, data storage on diskettes, in-car navigation, electronic maps(CD-ROM), infrared blind-spot detectors, radar enhanced cruise control(HS-903289900), and heads up speed/distance displays is expected.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| A. Total Market Size | 3,674 | 3,883 | 3,983 |
| B. Total Local Production | 2,383 | 2,502 | 2,553 |
| C. Total Exports | 1,646 | 1,673 | 1,741 |

| | | |
|---|---|---|
| D. | Total Imports | 2,9373,0543,177 |
| E. | Imports from U.S. | 427 443 461 |

Exchange Rate: $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 10
Sector Name: Air Pollution Control Equipment
ITA Industry Code: POL

Narrative: U.S. companies offering high-tech air pollution control equipment will find good market prospects in the Netherlands and throughout Europe, as the growing desire for a healthier living environment continues to generate strong political and economic concern. Stringent environmental Dutch laws will force companies to invest in products and services for the prevention, control and analysis of air pollution. The main end-users of air pollution control equipment are the private industry and electric utilities.

In 1997, the Dutch spent a total of more than $10 billion on the environment. This figure includes local taxes, services and equipment. In 1997, total expenditures in air pollution control equipment amounted to approximately $257. Trade sources expect investments to rise to $290 million in 2001.

Domestic manufacturers are the major suppliers of air pollution control equipment. However, the U.S., Germany and Japan manufacture under foreign license a large percentage of this equipment. Compared with 1996, total domestic production of air pollution control equipment also significantly increased by 8 percent to $263 million in 1997. Local manufacturers expect the production to rise by an average of 6 percent reaching $280 in 2000.

Imports accounts for about 36 percent of the total Dutch market for air pollution control equipment. In 1997, total imports amounted to approximately $87 million and are expected to grow by annual average of 5 percent to $99 million in 2000. With an import share of 40 percent Germany is the largest foreign supplier, followed by the U.S. with a share of 20 percent.
In 1997, imports from the U.S. were estimated at $ 18 million. They are projected to rise modestly to about $22 million in 2000.

The Dutch market is open as there are no current regulations affecting imported pollution control equipment other than general safety and electrical standards.

Best prospects include:

Flue Gas Desulphurizing Equipment
Particulate Emission Collectors
Mechanical Collectors
NOX and SO2 Analyzers
Gas Monitors and Samplers
Air testing Instruments

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 257 | 270 | 284 |
| b. Total Local Production | 263 | 277 | 290 |
| c. Total Exports | 93 | 98 | 103 |
| d. Total Imports | 87 | 92 | 96 |
| e. Imports from U.S. | 18 | 19 | 20 |

Exchange Rate  $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 11
Sector Name: Agricultural Machinery and Equipment
ITA Industry Code: AGM

Narrative: Agriculture is extremely important to the Dutch economy. The Dutch agricultural industry, including food processing and related sectors employs 400,000 people, or 8 percent of the work force. The entire agricultural sector and peripheral industries accounted for over 10 percent of the total economy in 1997. While the Netherlands is a small country with a population of 15.6 million and with a land area of only 33,936 kilometers, agricultural production of food and beverage products in the Netherlands among the most intensive in the world. Demand for agricultural machinery and equipment therefore is relatively high.

The Netherlands is the 10th largest market for U.S. agricultural machinery and equipment. The total market in 1997 was valued at $656 million. The import market was $362 million of which the U.S. holds about 22 percent, with an expected 1-2 percent growth during the next several years. American firms exporting tractors and tractor equipment to the Netherlands have been successful in the past.

The development and level of mechanization in agriculture in the Netherlands is thought to have grown by 12.6 percent since 1994. However, market growth is likely to slow down during the coming years.

The market is growing for tractor sales. Tractor sales rose 10 percent from 1996 to 1997. Totaling USD 400 million dollars. In addition, tractor sales totaled 4,000 units in 1997 and are the core focus for 1998. Sales of other products such as combines and harvesters also increased by more than 5 percent in 1997.

Best prospects include:

High level technology with computerized operating systems
Mobile grain dryers
Machinery for fruit and vegetable harvesting
Harvesting machinery

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market | 656 | 705 | 739 |
| b. Total Local Production | 734 | 765 | 789 |
| c. Total Exports | 440 | 442 | 445 |
| d. Total Import | 362 | 382 | 395 |
| e. Imports from U.S. | 83 | 84 | 86 |

Exchange Rate $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 12
Sector Name: Do-It-Yourself
ITA industry code: BLD

Narrative: The market for do-it-yourself (DIY)products is broken down into the following segments:

- Hardware, security products, hand tools & electronic tools: 18 %
- Electricity goods, installation material, armatures: 5 %
- Paint, paint requisites, wall lining, wallpaper requisites: 18 %
- Kitchens, cabinets, equipment, sanitation, installation materials: 10 %
- Wood, wood products, building products: 27 %
  Garden products, wood, tools: 9 %

- Other products (including floor coverings, bicycles and accessories, car accessories, small furniture, sunscreens, and household items: 13 %

The Dutch DIY market is very lucrative. In 1997, DIY and hardware sales in the Netherlands reached a level of $3.6 billion. Historically, the DIY market has shown steady growth, illustrated by the following statistics:

| | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|
| SALES | 2.81 | 2.95 | 3.06 | 3.34 | 3.6 |
| GROWTH (%) | 4.9 | 5.0 | 3.6 | 9.3 | 6.4 |

Growth of the DIY market is a result of increased consumer interest in spending more time on DIY activities. Consumers are also spending more of their disposable income on improving the interiors of their homes. This has driven up the sales of paint and other decoration materials used to customizing homes. Additional opportunities can be identified in the bathroom and kitchen segment because an increasing number of kitchens and bathrooms are being modernized according to the latest European trends.

The Dutch market, however, is not easy to conquer for U.S. manufacturers. In the distribution channel, DIY centers have a 50 percent market share. Each year, a number of smaller retail outlets close their business. Business alliances and mergers are reshaping the DIY distribution channel. Another problem is the influence of fashion and culture on buying decisions in segments related to home improvement. Acknowledging the cultural differences between the U.S. and Europe and adapting products for the European market is of vital importance to the success of U.S. products in Europe.

U.S. companies that offer innovative, handy, unusual and easy-to-use DIY products, preferably niche type products that are not on the market, may find excellent opportunities on the Dutch market. Best prospect segments are theft and burglary prevention products, such as electronic coded locks (HS8301), safes (HS9405), automatic sensor lighting and warning systems (HS9405). High quality sanitary and bathroom products (HS7324) and kitchen renovation (HS4419) also offer good prospects.

| USD MILLIONS | 1997 | 1998 | 1999 |
|---|---|---|---|

| | | | |
|---|---|---|---|
| a. Total Market Size | 3,550 | 3,763 | 3,987 |
| b. Total Local Production | 1,065 | 1,125 | 1,157 |
| c. Total Exports | 639 | 648 | 666 |
| d. Total Imports | 3,124 | 3,286 | 3,496 |
| e. Imports from the U.S. | 249 | 263 | 275 |

Exchange Rate $1 = Dfl. 2

Source: Dutch Franchise Association

Sector Rank: 13
Sector Name: Hotels
ITA Industry Code: TRA

Narrative: Tourism in the Netherlands is growing rapidly as seen in the five percent increase of foreign visitors between 1997 and 1998. Tourism has been identified to be one of the top four most important industries based on job growth criteria for the year 2000 in the Netherlands. In the eleven years between 1986 and 1997, the rate of overnight stays increased 5.5 percent annually. Despite this trend, hotel accommodations are not growing at the same rate as the increase of visitors and their need for accommodation; therefore creating a shortage. The city of Amsterdam in particular has an urgent need to increase the number of hotel rooms in the area. The city's planning bureau and the Amsterdam Office of Economic Affairs are already actively seeking appropriate hotel locations and have published a report concerning the hotel shortage. They expect 5000 extra hotel rooms will be needed by the year 2003. This includes 3000 rooms in the immediate Amsterdam area and the rest in the surroundings of Amsterdam. The shortage occurs in all hotel classification categories as the shortage spread itself among these. One of the locations where the city is keen on creating more hotel space is called the "Southern Axis". Located on the southern edge of Amsterdam near the international airport and the city's convention center, the area is undergoing major renovation to create an international business community with many multinational companies.

Average Market Segment for 3,4,5 star hotels in Amsterdam, percentage

| | 1996 | 1997 |
|---|---|---|
| Business | 35 | 40 |
| Tourist-Individual | 24 | 27 |
| Tourist-Groups | 18 | 13 |
| Conference | 11 | 10 |
| Other | 12 | 10 |

Number of Overnight stays in Amsterdam, 1993-1997

| | (x1000) | Percentage Change |
|---|---|---|
| 1993 | 4,885 | - |
| 1994 | 5,270 | +7.9 |
| 1995 | 6,015 | +10.6 |
| 1996 | 6,400 | +6.4 |
| 1997 | 6,740 | +5.3 |

Sector Rank: 14
Sector Name: Franchising
ITA Industry Code: FRA

Narrative: Franchising in the Netherlands is a growing sector. In the last fifteen years, the number of franchise units has tripled. Only 4,000 units existed in 1981 and by 1995 this had grown to 12,000. Today the country counts 360 franchise systems with 14,330 units with a total sales of roughly $10 billion. Eighty-four percent of the franchise systems are Dutch, followed by five percent American, three percent French, two percent British, one percent German, and five percent other. The continued growth of successful new franchises has created awareness in the Dutch business community of franchising as the most innovative way to introduce a business concept in the Netherlands.

The most active franchising sectors are fast food and apparel. Future developments are expected in the general service industry which is still in its infancy, but which has good market potential. Many retail businesses currently organized in other cooperation systems are expected to turn to franchising as a way to work together and expand in the Dutch market. Some industries such as fast food and do-it-yourself are dominated by franchise chains. Others are characterized by a multitude of distribution units (outlets). In some areas (e.g. clothing, sporting goods and furniture) strong voluntary groups with the emphasis on combined buying are important. The most promising sectors include: general services, financial services, fast food restaurants, maintenance/cleaning/sanitation, and laundry and dry cleaning.

| 1998 MARKET: | FRANCHISORS | OUTLETS | TURNOVER |
|---|---|---|---|
| a. Retailing Food | 54 | 2,000 | $3,375 |
| b. Retailing Non-Food | 170 | 7,250 | $4,946 |
| c. Other Services | 102 | 4,150 | $1,450 |
| d. Catering (Hotel/Restaurant/Bar) | 32 | 750 | $1,175 |

Exchange Rate $1 = Dfl. 2

Source: Dutch Franchise Association

Sector Ranking: 15
Sector Name: Wind Energy Equipment
ITA Industry Code: REQ

Narrative: Wind power has been targeted to become a main source of renewable energy in the Netherlands. Currently, wind energy in the Netherlands has an annual production of 698,000,000 kWh which supplies 0.8 percent of total Dutch electricity consumption. This amount meets the needs of 450,000 people. The Dutch government has set itself the ambitious goal of increasing wind generated power capacity from the current 367 MW to 3,000 MW by the year 2020.

In the Netherlands, there is a firm basis for continuing growth in the use of wind energy. A wide range of modern and reliable wind turbines are available and there is a broad social support for the use of wind energy. Agreements have been made with local authorities to reserve space for future construction of wind turbines. Investors such as energy companies, investment funds and individuals are prepared to put money into wind energy projects. Some difficulties may hinder the projected growth. The price/performance ratio of wind turbines must be improved to compete with fossil fuels. Moreover, since the Netherlands is a very densely populated country the availability of suitable sites for wind turbine parks is limited.

In 1998, the Dutch government gave the green light for a pilot study into the construction of large windmill parks on off-shore locations as a possible alternative form to wind turbine parks on the mainland. The envisaged 100 MW wind pilot park is expected to operational by the year 2002. Total capital costs of this projected have been estimated at $200 million, much of which has to be raised by private investors and supplemented by Dutch government subsidies.

Best prospects in this sector include wind turbines for off-shore use.

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 125 | 130 | 140 |
| b. Total Local Production | 60 | 65 | 72 |
| c. Total Exports | 25 | 27 | 30 |
| d. Total imports | 90 | 92 | 98 |
| e. Imports from U.S. | 4 | 5 | 6 |

Exchange rate: $1.00 = Dfl. 2.00

Above statistics are unofficial estimates

Sector Rank: 16

Sector Name: Biomass Equipment
ITA Industry Code: REQ

Narrative: In the Netherlands, the energy generated from biomass and waste provides electricity for 760,000 households, heat to more than 325,000 housholds and gas for approximately 44,000 housholds. In 1997, the total bio energy was made up from 64 percent waste incineration, 23 percent wood burning, 5 percent fermenting and 5 percent gas. The Dutch government has projected that renewable energy will cover 10 percent of the primary energy consumption which is 288 PJ per year by the year 2020. In the same year, the share of biomass energy is expected to be 120 PJ per year. At present, electricity generation by waste incineration plants has the biggest share. However, this will slowly shift to burning biomass in coal fired electricity plants and between the years 2010 and 2020 the emphasis will be more on the application of advanced techniques such as gasification. Gasification is a conversion technology which can produce a high electrical output. In the Netherlands, research institutes and private companies will establish jointly run pilot plants. For large-scale biomass gasification, gasifiers with a circulating fluidized bed will be required while for small-scale biomass gasification a fixed bed gasifier is under development in the Netherlands. Studies are also made into the development of fermentation technology and new conversion techniques like pyrolisis and liquefaction.

Best prospects include: gasifiers, pyrolisis and liquefaction equipment

| USD Millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 750 | 800 | 840 |
| b. Total Local Production | 650 | 680 | 715 |
| c. Total Exports | 50 | 52 | 55 |
| d. Total Imports | 150 | 172 | 180 |
| e. Imports from U.S. | 3 | 4 | 5 |

Exchange rate: $1.00 = Dfl. 2.00

The above statistics are unofficial estimates

Sector Rank: 17
Sector Name: Dental Equipment
ITA Industry Code: DNT

Narrative: Dutch importers imported over $100 million worth of dental products and equipment in 1998. Dutch dental technology importers are highly specialised, both in terms of product knowledge, and knowledge of the Dutch health care structure. There is a high level of co-operation and communication between importers and medical specialists, user groups, and technicians responsible for maintaining equipment.

Products include dental cements and fillings, dental plaster, dental sterilizers (autoclaves), dental burns, artificial teeth, X-ray equipment, and dental furniture.

The domestic market in the Netherlands is relatively small. Imports plus local production far exceed domestic consumption requirements. The Netherlands, with its unique geographic position, functions as a distribution center, re-exporting an estimated 20 percent of imported electro medical equipment.

Seventy-four percent of the population goes for regular dental consultations. On average, this amounts to three consultations per year. Approximately 20 percent of the Dutch population have complete dentures. (50 percent of the population between the ages of 60 and 69, and 70 percent of people older than 70 have complete dentures)

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Import Market | 92 | 100 | 95 |
| b. Local Production | 36 | 30 | 33 |
| c. Exports | 84 | 90 | 90 |
| d. Total Market | 44 | 40 | 38 |
| **e. Imports from U.S.** | **17** | **20** | **22** |

Exchange Rate: $1 = Dfl. 2

The above statistics are unofficial estimates.

Sector Rank: 18
Sector Name: Cosmetics
ITA Industry Code: COS

Narrative: In 1998, cosmetics sales were booming in the Netherlands, a country with 15.5 million inhabitants. In 1998, turnover increased by 8.3 percent to USD 995 million. This increase is mainly due to the introduction of new products like long-lasting lipstick, new hair shampoos and new skincare products. The Netherlands ranks fifth with an average spending of USD 117.
In 1998, the market shares for distribution channels of cosmetics in the Netherlands are:
- Drugstores (independent): 21 percent
- Drugstores (chain): 27 percent
- Specialty stores (perfumery): 11 percent
- Department stores: 11 percent

- Supermarkets: 22 percent
- Other channels: 8 percent (mainly beauty salons and tax-free shops)

| USD millions | 1997 | 1998 | 1999 |
|---|---|---|---|
| a. Total Market Size | 919 | 995 | 1,044 |
| b. Total Local Production | 726 | 765 | 782 |
| c. Total Exports | 244 | 234 | 228 |
| d. Total Imports | 437 | 464 | 490 |
| e. Imports from U.S. | 56 | 60 | 65 |

Exchange Rate $1 = Dfl. 2

The above statistics are unofficial estimates.

**Best Prospects for Agricultural Products**

Consumer-oriented Agricultural Products: The Dutch market for U.S. consumer oriented agricultural products has been increasing steadily over the past five years reaching a record high of $392 million in 1998. Products doing particularly well include processed fruits & vegetables such as citrus juice, wine and forest products.

Citrus Juices:
In the last five years, the exports of U.S. citrus juice to the Netherlands, both from concentrate and not from concentrate, almost quadrupled to a value of U.S. $47.5 million in 1998. About 90 percent of these exports are, generally after processing, destined for re-export. France is by far the most important destination, followed by the U.K., Germany and Italy. However East European countries are becoming more important buyers of citrus juices as well. Poland, the Ukraine and the Czech Republic are leading importers in that region.

U.S. orange juice exports to the Netherlands are valued at U.S. $34.4 million, whereas grapefruit juice exports amount to U.S. $13.1 million.

In the past few years, the demand for high quality Florida orange juice, not from concentrate (nfc), has increased rapidly, especially in France. Florida frozen concentrated orange juice (fcoj) is also doing very well in the European market.

Imported U.S. grapefruit juice is often used to mix with other juices and as a base for fruit drinks.

Wine:
The Netherlands continues to grow as a market for U.S. wines. The high quality, value-for-money image that U.S. wines have in this market caused U.S. wine exports to the Netherlands to more than triple in the last four years to $17 million in 1997. In 1998 U.S. exports of wine jumped to $47.7 million. This sharp increase is not only due to increased Dutch demand for U.S. wines but, more importantly, to the opening of a European distribution center in the Netherlands of the largest U.S. winery. California wines are well represented in the Netherlands in the medium price, medium quality segment of the market. It is this segment of the market that has the largest growth potential.

The average Dutch consumer is prosperous and wine consumption is still increasing in the Netherlands. The average retail price for one bottle of French red wine increased from DFL 7.93 ($4.26) in 1997 to DFL 8.24 ($4.89) in 1998. Consumers are willing to pay more for a bottle of wine but insist on quality.

About 40 to 50 Dutch importers represent over 100 U.S. wineries in the Netherlands.

| | HECTOLITERS | | |
|---|---|---|---|
| | 1996 | 1997* | 1998* |
| A. Market size | 2,102,566 | 2,250,000 | 2,385,000 |
| B. Local Production | - | - | - |
| C. Total exports | 131,077 | 150,000 | 165,000 |
| D. Total imports | 2,233,643 | 2,400,000 | 2,550,000 |
| E. Imports from U.S. | 12,917 | 16,000 | 19,000 |

Source: Central Bureau of Statistics;
* unofficial estimates

Forest Products:
The Netherlands remains a relatively small market for U.S. forest products exports which were valued at $57.7 million in 1998. This amount represents about four percent of U.S. forest product exports to the EU. Temperate hardwoods, predominantly white oak, and softwood plywood are the most important U.S. export products to this market. The Dutch market for U.S. softwoods remains small as the Netherlands still is a traditional user of spruce rather than U.S. southern yellow pine. The Dutch market is well supported by FAS market development cooperators.

The most important market segments for U.S. forest products in the

Netherlands are: the furniture industry (oak), and the building and packaging industry (softwood plywood).

Prospects for continued increases in exports of oak are good but U.S. softwood plywood is facing stiff competition from Finland. The Dutch house-building industry is expected to continue to produce in 1998 and 1999 at the high 1997 level. Dutch exports, and therefore the packaging industry, are still soaring, which supports imports of softwood plywood in the Netherlands. New and innovative pallet construction practices in the Netherlands might help exports of U.S. plywood as well.

Temperate hardwood lumber

| | 1,000 cubic meters | | |
|---|---|---|---|
| | 1997 | 1998* | 1999* |
| A. Market size | 311 | 315 | 315 |
| B. Local production | 138 | 140 | 140 |
| C. Total exports | 41 | 35 | 40 |
| D. Total imports | 214 | 210 | 215 |
| E. Imports from the U.S. | 36 | 32 | 35 |

| Softwood plywood | 1,000 cubic meters | | |
|---|---|---|---|
| | 1997 | 1998* | 1999* |
| A. Market size | 260 | 230 | 245 |
| B. Local production | - | - | - |
| C. Exports | 17 | 20 | 15 |
| D. Imports | 277 | 250 | 260 |
| E. Imports from the U.S. | 120 | 100 | 110 |

Source: Central Bureau of Statistics;
*unofficial estimates

Seafood:
Dutch seafood consumption continues to trend upward. Per capita consumption reached 35 pounds (estimated) in 1998, up from 33.9 pounds in 1997. The perception of seafood as a healthy, low-fat safe food product are important factors stimulating consumption, especially in view of the problems associated with dairy, poultry and meat products (BSE, dioxin, etc.)

There is a notable upward trend in household consumption of fish, mainly because of increased sales through supermarkets. Fish sales increased by 29 percent in 1998. In the first half of 1998, Dutch fish consumption was stable at 18,792 tons although sales were up 7 percent, indicating a notable price increase.

Over the next five years, sales through supermarkets are expected to expand considerably, particularly sales of fresh/frozen fish and convenience items (mainly through Albert Heijn and Konmar Superstores).

Products with potential that can be supplied by the United States include fresh/frozen squid, prawns, shrimp and soft shell crab. Examples of convenience items in demand include frozen fish soup, seafood snacks (e.g. coated prawns), and marinated seafood. Packaging is an important feature for consumers. Consumers want a clean, dry package, which is especially important for seafood. Easy-to-prepare products are also in demand

THE DUTCH SEAFOOD MARKET
Metric Tons

| | | 1997 (Actual) | 1998 (Actual) | 1999* |
|---|---|---|---|---|
| A. | Market Size | 198,750 | 205,000 | 207,000 |
| B. | Local Production | 403,750 | 405,000 | 407,000 |
| C. | Total Exports | 585,000 | 595,000 | 600,000 |
| D. | Total Imports | 380,000 | 385,000 | 390,000 |
| E. | Imports from U.S. | 42,000 | 43,000 | 44,000 |

Source: Central Bureau of Statistic;
*unofficial estimates

Organic Foods:
Organic food, which currently accounts for an estimated 1-2 percent of total food sales in the Netherlands, is expected to account for between 5 and 10 percent of total food sales by the year 2010. Sales are forecast to increase because of growing health and environmental awareness on the part of consumers and increased sales through supermarkets.

Traditionally, health food stores and reform shops accounted for an estimated 75 percent of total organic sales, followed by supermarkets at 20 percent, and other outlets at 5 percent. However, supermarkets are expected to account for a larger percentage of total organic food sales in the future. Albert Heijn, the largest supermarket chain in the Netherlands, has significantly expanded it’s line up of organic foods. Albert Heijn announced it’s own private-label brand for organic products in February 1998 called AH Biologisch. Starting with just 30 organic private label products, Albert Heijn now offers over 100 different organic products including bread, eggs, organic juice, wine, coffee, vinegar, jam, cookies and poultry meat. According to a spokesperson for Albert Heijn, organic food is expected to eventually account for as much as 14 percent of total private-label sales.

Fresh products, such as dairy and produce, account for roughly 40 percent of total organic food sales in the Netherlands. The price premium on these products varies but is estimated at between 15 and 30 percent. The premium on processed organic foods is considerably higher, ranging from an estimated 20 to 100 percent, depending on the item.

Although organic export statistics are not available, Dutch imports of U.S. organic foods are growing. Many U.S. organic products are imported in bulk and repacked in the Netherlands, while others are imported for use as inputs in the Dutch food processing industry. Examples include wheat, pulses (lentils, navy beans, azuki beans and mung beans), glutenous and basmati rice, wild rice, soybeans, amaranth, buckwheat, millet, tomato concentrate, dried fruits (raisins, prunes, apples), popcorn, almonds, sunflower seeds, alfalfa seeds, flax seed, animal feed and maple syrup. Although limited, U.S. brands of organic and natural foods can be found on Dutch retail food shelves including dehydrated soups, tortilla chips, rice milk and salad dressings.

Distribution systems for the health food sector and the supermarket sector tend to be different in the Netherlands. A product is typically sold through supermarkets or health food stores, but not booth. The larger Dutch supermarket chains that have introduced their own private label brand for organic products tend not to carry branded organic products. Instead, branded organic products are generally sold through health food stores and reform shops and, to a lesser extent, through the smaller, regional supermarket chains.

Organic certification is an important issue for any U.S. company targeting the European organic market. In the European Union, the production, sale and labeling of organic foods (from plant origin) are governed by EU regulation 2092/91. This regulation requires imported organic products to be produced, processed and labeled under conditions "equivalent" to those in the EU. This means that any organic food product imported from the United States must meet EU production, processing and labeling standards.

## CHAPTER VI: TRADE REGULATIONS, CUSTOMS, AND STANDARDS

## Trade Barriers, Including Tariff and Non-Tariff Barriers

Tariffs

The Netherlands applies the EU tariffs (customs duties), which are based on the international Harmonized System (HS) of product classification. Duty rates on manufactured goods from the U.S. generally range from 5 to 8 percent and are usually based on the c.i.f. value of the goods at the port of entry. The c.i.f. value is the price of the goods (usually the sales price) plus packing costs, insurance, and freight charges to the port of entry. Most raw materials enter duty free or at low rates while agricultural products face higher rates and special levies. For information on EU duty rates levied on agricultural products, contact the U.S. Department of Agriculture, Phone: (202) 720-1322. For information on EU duty rates of manufactured and industrial products, contact the U.S. Department of Commerce, International Trade Administration's Office of European Union Affairs, Phone: (202) 482-5276.

Non-Tariff Barriers

Relatively few trade complaints are registered by American firms against Dutch firms. The Dutch tendency to support a level playing field in trade matters and their depth of experience in trade positions them as the genuine "neutral" traders of Europe.

American companies locating in the Netherlands, however, will come up against a complex business culture, in which companies, trade unions, government bodies and industry associations engage in constant and close consultations. This stems, in part, from the traditional Dutch emphasis on achieving consensus and avoiding conflict in this small and densely populated country.
There is also a growing trend, particularly in larger government procurements, to "buy European" if not Dutch. This has been especially true in recent defense procurements where there has been true Dutch or European competition. The Dutch consider themselves to be good Europeans and, from a practical point of view, they see political advantages in buying European, especially when all else is relatively equal in a bid competition. In this regard, local representation is essential for American companies hoping to have a real chance to win major government contracts. A joint venture with a Dutch or European partner may, in some cases, improve the U.S. company's competitive position. Companies looking to compete on Dutch Government procurements should contact the U.S. & Foreign Commercial Service at the Embassy early on in

the process for guidance, particularly if there are political or "level playing field" issues which might arise.

Offsets for defense contracts: All foreign contractors must provide at least 100 percent offset/compensation for defense procurement over $2.5 million. The seller must arrange for the purchase of Dutch goods or permit the Netherlands to domestically produce components or subsystems of the system it is buying. A penalty system for noncompliance with offset obligations is under consideration.

Parallel Imports: A change in Benelux trademark law, effective January 1, 1996, bans parallel imports into the three Benelux countries (Belgium, Netherlands, Luxembourg). Branded products may no longer be imported into the Benelux without the permission of the manufacturer. The law is being challenged in the courts.

Technical standardization within the EU may amount to a non-tariff trade barrier in certain circumstances, specifically, when new standards benefit EU suppliers to the detriment of non-EU suppliers. On the other hand, Mutual Recognition Agreements (MRA'S) recently negotiated between the U.S. and the EU could save U.S. manufacturers up to ten percent of the cost of delivering U.S. exports to Europe. The MRA's cover trade in telecommunications equipment, information technology products, medical devices, pharmaceuticals and sporting goods, and should come into operation in 1998. In the long term, standardization increases access to EU markets.

### Customs Regulations

Merchandise may be examined by the importer before customs clearance for the purpose of making an inventory. Goods cannot clear customs without shipping documents and payment of any customs duty, applicable value added taxes, and any excise taxes. These formalities must be undertaken by the importer at the time of clearing customs. Import licenses, if required, should be presented by the importer within the period for which they were issued.

### Import/Export Documentation Requirements

Shipments to the Netherlands require one copy each of the bill of lading (or air waybill) and the commercial invoice for customs clearance. There are no consular requirements, but certificates of origin may be required as set out below.

U.S. Customs also requires two copies of the U.S. Shipper's Export Declaration (U.S. Department of Commerce Form 7525V) for goods valued at $1,500 or more. A declaration form must be completed for all shipments by regular mail or parcel post valued at $500 or more. The form must include the harmonized commodity number of the exported product as well as the weight stated in metric units. When sending goods through the mail, the exporter should inquire at the post office as to the proper documentation needed for mail shipments. For additional information or assistance on export documentation, readers should contact a local Department of Commerce Service Export Assistance Center.

Although no special format is prescribed for the commercial invoice, it is advisable to include the following: date and place of shipment; name (firm's name) and address of the seller and buyer; method of shipment; number, markings of the packages, and their numerical order; description of the goods using the usual commercial description according to kind, quality, grade, and the weight (gross and net, in metric units), along with any factors increasing or decreasing the value; agreed price of goods; unit cost; total cost f.o.b. factory plus shipping; insurance charges; delivery and payment terms; and the signature of a responsible official of the shipper's firm. Bills of lading should bear the name of the party to be notified. The consignee needs the original bill of lading to take possession of the goods.

Certificates of origin are required for a small number of goods such as textile products. The need for a certificate of origin should be ascertained directly from the importer or from the appropriate customs authority. Letter-of-credit terms may stipulate that a certificate of origin be provided. Customs authorities accept certificates of origin issued by authorized local U.S. chambers of commerce or boards of trade.

Transit: Goods may clear customs with an EU transit procedure that provides for the issuance of a single transit document under which the goods may be easily shipped across frontiers of the EU member states. These transit documents are completed by the importer for a freight forwarder engaged for the purpose. The transit document provides the basis for a single, comprehensive procedure covering the goods within the Union. Since this is an EU Procedure, the European importer, customs house broker, freight forwarder, or shipper must prepare these documents at point of entry.

### Tariff Rates

The Netherlands uses the Harmonized System, which is a system designed to classify goods in international trade for customs purposes and for developing trade statistics. It is arranged into 99 chapters. The sections are established according to categories such as agriculture, chemicals, chief material of the product, or type of manufacturing industry. The sections and chapters start with agricultural and primary products in the initial chapters, followed by products that are more processed and technically more complex.

The HS classification number consists of a minimum of six digits, which are common to all countries using the Harmonized System. Additional digits can be used to meet each nation's individual statistical requirements and give greater detail as needed.

If a HS number of the product being shipped is requested by the Dutch importer, this information may be obtained from your closest U.S. Department of Commerce Export Assistance Center or from the Office of European Union Affairs, Phone: (202) 482-5276, or, from the following web site:
www.census.gov/foreign-trade/

The HS number is usually needed by the Dutch importer to determine the duties levied at the time of importation.

Prior to signing a long-term contract or sending a shipment of considerable value, it may be prudent for a U.S. exporter to first obtain an official ruling on the customs classification, duty rate, and taxes. Such requests should be sent to: Ministry of Finance, Director of Customs, P.O. Box 20201, 2500 EE The Hague.

The request should describe the product, the material it is made from, and other details needed by customs authorities to classify the product correctly. While customs will not provide a binding decision, the advance ruling usually will be accepted if the goods are found to correspond exactly with the description provided.

### Import Taxes

Value-added tax, most frequently called by its acronym VAT, is charged on the sale of goods and services within the country. Unlike the customs duty, which is the same for all EU member countries, the VAT is established by the tax authorities of each country and differs from country to country. At each stage of the manufacturing and distribution chain, the seller adds the appropriate amount of VAT (tax on the amount of value that the seller added to the product, plus the amount of VAT passed on to the seller by the supplier) to the sales price. The tax is always quoted separately on the invoice. The firm periodically subtracts the VAT paid on its purchases of goods and services from the VAT collected on sales and remits the balance to the Government. This process repeats itself at each stage until the product is sold to the final consumer, who bears the full burden of the tax. Below is a summary of the Dutch VAT rates.

* exempted rate applies to exports.

* 6 percent rate applies to necessities of life such as food, medicines, and transportation.

* 17.5 percent rate is the general or standard rate and applies to most goods.

For imports into the Netherlands, the VAT is levied at the same rate as for domestic products or transactions. The base on which the VAT is charged on imports is the c.i.f. value at the port of entry, plus any duty, excise taxes, levies, or other charges (excluding the VAT) collected by customs at the time of importation. This total represents the transaction value of the import when it clears customs.

The importer is liable for payment of customs duties, VAT, and any other charges at the time of clearing the goods through customs. Exports from the Netherlands are exempt from VAT since they are not consumed in the country, but will be subject to any tax imposed in the country of destination. Temporary imports that will be re-exported are not subject to the VAT. The importer may have to post a temporary bond for the amount of customs duty and taxes as security which will be canceled when the goods are taken out of the country.

The EU is seeking to harmonize the range of VAT rates among the 15 EU member nations. The EU Council has adopted guidelines for converging the VAT rates over an extended transitional period, such as seeking to establish a minimum VAT rate for most products, lifting border tax controls, and defining which products will be allowed an exempted or zero VAT rate. Each country will still retain the collection and enforcement authority that currently exists.

Excise taxes are levied on a small number of products such as soft drinks, wine, beer, spirits, tobacco, sugar, and petroleum products. For imports, the excise tax is paid by the importer and is in addition to any customs duty or VAT. The EU plans to harmonize excise taxes and create a single internal market.

### Import License Requirements

Only a small number of goods of U.S. origin require import licenses, mostly agricultural and food items. Other items subject to import licensing requirements include coal and lignite fuel, a few specified base metal products, various apparel and textile products, and controlled items such as arms and munitions. Licenses are generally rapidly granted for goods of U.S. origin.

Licenses are not transferable. They may be used to cover several shipments within the total quantity authorized. In general, the goods involved are indicated on the license by the Harmonized System classification number and the corresponding wording of the tariff position.

### Temporary Goods Entry Requirements

As a result of various customs agreements, simplified procedures are available to U.S. business and professional people for the temporary importation of commercial samples and professional equipment. A carnet is a customs document that facilitates customs clearance for temporary imports of samples or equipment. With the carnet, goods may be imported without the payment of duty, tax, or additional security. The carnet also usually saves time since formalities are all arranged before leaving the U.S.

A carnet is usually valid for 1 year from the date of issuance. The cost ranges from $120 to $250. A bond or cash deposit of 40 percent of the value of the goods covered by the carnet is also required. This will be forfeited in the event the products are not re-exported and duties and taxes are not paid.

Carnets are sold in the U.S. by the U.S. Council for International Business at the following locations: 1212 Avenue of the Americas, New York, NY 10036, Phone: (212) 354-4480; 3345 Wilshire Boulevard, Los Angeles, CA 90010, Phone: (213) 386-0767; and 1930 Thoreau Drive, #101, Schaumburg, IL 60173.

The Netherlands participates in the International Convention to Facilitate the Importation of Commercial Samples and Advertising

Materials. Samples of negligible value imported to promote sales are accorded duty-free and tax-free treatment. Prior authorization is not required. To determine whether the samples are of negligible value, their value is compared with a commercial shipment of the same product. Granting of duty-free status may require that the samples be rendered useless for future sale by marking, perforating, cutting, or other means.

**Special Import/Export Requirements and Certifications**

Imports of certain commodities, including numerous foodstuffs, are subject to special regulations regarding the manner in which they must be labeled to show manufacturer, composition, content (in metric units), and country of origin. In view of the complexity of these regulations and changing requirements, information should be requested from the importer prior to shipment. When the services of an importer are not available, information can be obtained directly from the appropriate Dutch authority listed at the end of this publication. For agricultural and food products, U.S. exporters should contact the U.S. Department of Agriculture for marketing and labeling information and exporting assistance, Phone: (202) 720-9408.

**Labeling Requirements**

With only minor exceptions, there are no general requirements for marking imported goods with the country of origin. Requirements for specific products should be obtained from the importer. The import, export, or transit of non-Dutch goods having markings which would lead one to believe that the goods are of Dutch manufacture or origin is prohibited.

There are no regulations for the marking of shipping packages. Good shipping practice dictates that packages should bear the consignee's mark and be numbered unless the shipment is such that the content of the packages can be readily identified without numbers.

Hallmarking of gold and silver articles is required before they can be offered for sale. Only small tolerances are allowable for manufacturing errors. The hallmarking may done by a Netherlands hallmarking office after importation.

As a member of the EU, the Netherlands applies the product standards and certification approval process developed by the Community. The Netherlands is required by the 1958 Treaty of Rome

to incorporate in its national laws the EU directives.
With the development of a single product standard, U.S. exporters may find that it is easier to comply with one EU-wide standard rather than having to meet several individual national standards when exporting to Europe.

**Prohibited Imports**

Certain imports into the Netherlands and the EU are prohibited or require an import license. These products fall under the categories of strategic goods or environmentally unfriendly items. U.S. firms exporting to the Netherlands or the rest of the EU can call a customs information hotline for a ruling. From the U.S., Phone: (31) 45 574 2700.

**Export Controls**

For the purpose of national security, foreign policy, or short supply considerations, the U.S. controls the export of goods and technology with export licenses. The vast majority of U.S. exports do not require a license and are categorized as NLR99 (no license required) with no formal application requirement.

For assistance in determining if a license is needed and to initiate the processing of an application, contact your local U.S. Department of Commerce Export Assistance Center or the Bureau of Export Administration, Office of Export Assistance, Room H-1099D, U.S. Department of Commerce, Washington, DC 20230, Phone: (202) 482-4811.

**Standards**

U.S. firms exporting to Europe are still confronted with both national and EU product standards. Further, these regulations occasionally change to meet new technology and more stringent demands.

Key product areas are being regulated at the Union level for conformance to mandatory requirements to protect the health and safety of consumers, as well as the environment. To indicate this conformance to the mandatory requirements, a CE mark must be placed on all regulated products by the manufacturer or a representative before they can be sold on the EU market. The applicable product testing and certification requirements for individual product categories are specified in the various EU directives. The CE mark relates only to the mandatory health, safety, and environmental requirements established by the EU; it does not indicate conformity to European product standards. Thus, national marks of conformity with product standards remain compatible with the CE mark and both may be applied to the product. It should be noted, however, that the CE mark does replace all national safety marks for the regulated products.

The EU Commission has released The Global Approach to Certification and Testing, a document that recommends harmonized testing and certification procedures within the Union. These proposals include establishing a "modular" system for demonstrating product compliance. Under this system, methods of demonstrating product conformity range from having the manufacturer self-certify the product, to having a private testing company type-approve the product and provide market surveillance, depending on the probability and type of product risk. As standards and certification requirements are important in international trade, it is expected that more U.S. testing laboratories will be able to certify that products comply with EU requirements.

Exporters can stay fully informed on the latest EU technical standards activities by contacting the National Institute of Standards and Technology (NIST). A part of the U.S. Department of Commerce, NIST offers industry an in-depth reference system on EU standards information gathered from the two European standards bodies tasked to write the EU 1992 norms - the European Committee for Standards (CEN), and the European Committee for Electrotechnical Standardization (CENELEC).

NIST also can provide updated information from the EU which will elaborate on directives and provide assistance in identifying EU and member state standards and regulations. For more information, contact NIST, Phone: (301) 975-4038. To obtain copies of directives, amendments, and published updates, or to obtain a complete list of directives that could affect product sales to the Netherlands or another EU country, call the ITA Office of European Union Affairs, Phone: (202) 482-5276. Copies are available at a nominal fee.

Other valuable sources of information with regard to foreign standards include the American National Standards Institute, 1430 Broadway, New York, NY 10018, Phone: (212) 354-3300, the Department of Commerce's National Technical Information Service, Springfield, VA 22161, Phone: (703) 557-4733, as well as various trade associations that follow international activities for their members.

### Free Trade Zones/Warehouses

There are no free trade zones or free ports in the Netherlands in the sense of territorial enclaves where commodities can be processed or reprocessed tax-free (see the paragraph headed "Foreign Trade Zones/ Free Ports" in Chapter VII of this report). However, in a very real sense, the entire country is a free trade zone. American firms find that the numerous private and commercial warehouses located throughout the nation perform much the same function and with low costs. Bonded warehouse facilities of any size can be arranged with ease. Shippers can then maintain inventory without the payment of customs and value-added tax until the goods are needed for use and are then imported. Products also may be transshipped to other countries without technically entering the Dutch customs area. With an international distribution and warehouse center serving Western Europe, products can arrive at the customer's site quicker and with less complaints.

The advantage of the free trade zone to American firms is having a European base of supply to assure customers prompt delivery and service, and being able to maintain inventory at a low cost.

Adequate warehousing facilities are available in all major Dutch cities. In addition to the port areas, Dutch facilities in the east, such as Maastricht, Tilburg, Eindhoven, Nijmegen, and Enschede, provide storage facilities and distribution services.

The Holland International Distribution Council is a organization composed of established Dutch transportation and warehousing firms that can help U.S. firms resolve transportation problems, locate facilities, and provide technical assistance on distribution networks. The council is composed of firms involved in international shipping that support promoting the Netherlands as a distribution center and gateway to Europe. For more details contact: Holland International Distribution Council, P.O. Box 85599, 2508 CG The Hague, the Netherlands, Phone: (31) 70 346 7272; Fax: (31) 70 360 3698.

### Membership in Free Trade Arrangements

The Netherlands has been a member of the European Union (EU) since its inception in 1958. The other EU members are Belgium, Denmark, France, Germany, Greece, Italy, Ireland, Luxembourg, Portugal, Spain, and the United Kingdom.  Sweden, Finland, and Austria joined in January 1995.  Norway voted against joining the Union. The EU forms a customs union allowing free trade among the member states, but levies a common tariff on imports coming from non-EU countries such as the U.S., Japan, and Canada.  The EU also has a common agricultural policy, joint transportation policy, and free movement of goods and capital within the member states.

Under agreements reached between the EU and the members of the European Free Trade Association (EFTA) - duty-free trade for industrial products has been achieved among all 18 countries. Taxes, such as the value-added tax (VAT) and excise taxes, are levied in the country of final destination.  Currently, VAT rates differ among the various countries.  See the "Value Added Tax" section for the Dutch rates.

In addition to the EFTA countries, the Netherlands and the other EU nations extend preferential tariff treatment to certain other countries and territories in Central and Eastern Europe and the Mediterranean with historical ties to the EU, and to less developed countries in Africa, the Caribbean, and the Pacific region.  The granting of reduced tariffs to developing countries is under the Generalized System of Preferences (GSP).

### Customs Contact Information

Netherlands Customs
P.O. Box 4486
6401 CZ Heerlen
Phone: (31) 45 574 2700
Fax: (31) 45 571 6415

## CHAPTER VII.  INVESTMENT CLIMATE

### Openness To Foreign Investment

The Netherlands' trade and investment policy is among the most open in the world.  With merchandise exports and imports combined accounting for more than two-thirds of GDP, the Dutch economy is one of the most internationally oriented in the world.  The Netherlands is also one of the world's largest suppliers of investment capital and currently ranks number six among the ten largest foreign investors in the world.  The Dutch government maintains liberal policies toward foreign direct investment, and adheres to the OECD investment codes.  The only Dutch exceptions to national treatment are in air transport and maritime transport. In air transport, nationality and ownership requirements apply for licenses to operate an airline and cabotage is reserved to national airlines. With the exception of a few public and private monopolies from which foreign and domestic private investment is banned (the Netherlands Central Bank, Netherlands Railways, and public broadcasting),foreign firms are able to invest in any sector of the economy and are entitled under the law to equal treatment with domestic firms. The Dutch are also bound by European Union reciprocity provisions in banking, investment services and a few other areas. Provision of government incentives, national rules of incorporation, access to the capital market, etc., are all non-discriminatory. The government has reduced its role in the economy since the 1980's, and has moved forward with structural reform in areas such as deregulation, privatization and stronger competition policy. While the gas and electricity sector is gradually being opened up for foreign competition, the government maintains its dominant position in rail transport, and public utilities, and continues to play a large role in aviation, and telecommunications.

Despite relatively high labor costs, foreign investors favor the Netherlands for their European investment projects because of the country's stable political and macro economic climate; a highly developed financial sector; the presence of a well educated, flexible and productive labor force, and the high quality of its physical and communication infrastructure. The Netherlands is also known for its favorable fiscal climate. Tax rulings given to foreign investors provide transparency with regard to investors' long-term tax obligations. This put the Netherlands among major league players in attracting foreign investment. The business climate in the Netherlands has come out very favorably in surveys by various international institutions. The Economist Intelligence Unit’s 1998 survey of global business environment singled out the Netherlands as the country with the most favorable business climate for the period 1997 through 2001. The International Location Advisory Service (ILAS) subscribes to Economist's observation but flags recruitment problems (particularly in IT) in a tight labor market, and a shortage of industrial sites as potential bottlenecks in attracting foreign direct investment to the Netherlands.

The Dutch actively recruit foreign investment through the Netherlands Foreign Investment Agency (NFIA), and regional provincial economic development companies. More than 25 percent of total FDI in the European Union has been established in the Netherlands. Foreign direct investment is concentrated in growth areas including information technology hardware, software and services, biotechnology, medical technology, and in food processing. Investment projects are predominantly in contract manufacturing (assembly), distribution, and value added logistics. The Netherlands is particularly attractive for the establishment of European headquarters, distribution centers, call centers and shared services centers. Investment surveys indicate that U.S. investors in particular favor the Netherlands as a popular location for European Head Quarters, Call Centers, Shared Services Centers, and Distribution Centers (EDC's). Of all foreign head quarters established in Europe, an estimated 57 percent are located in the Netherlands.

The Dutch government and the EU give certain regional preferences, in the form of grants for investment in economically depressed regions of the country. These incentives are available to foreign investors on the same terms as to Dutch investors. The Investment Premium Regulation (IPR), the only major investment incentive currently available from the central government, aims to encourage investment in areas with relatively high unemployment (predominantly in the North-East) with subsidies for new investments (industrial buildings and fixed assets). The IPR applies to investments of which at least 25 percent is the investor's own capital. Investment grants range from 15 percent for expansion projects, to 20 percent of new investment in buildings and equipment, and sometimes land. Local investment subsidies are sometimes also available from regional development companies. Regional restrictions apply to certain EU subsidies.

There are no apparent foreign investment screening mechanisms, and 100 percent foreign ownership is permitted in those sectors open to foreign investment. The rules on acquisition, mergers, takeovers, and reinvestment are nondiscriminatory. All firms must conform to certain rules of conduct on mergers and takeovers. These rules are administered by the Socio-Economic Council (SER), an official advisory body composed of representatives of government, business and labor. The SER rules are intended to protect the interests of stakeholders and employees. They include requirements for timely announcement of merger and takeover plans and for discussions with trade unions. A 1999 survey among European companies by U.S. consultant Heidrick & Struggles ranks The Netherlands second after the UK as country with the most transparent corporate governance practices. Despite the de jure open policy, elaborate corporate protective measures against hostile takeovers may de facto block acquisitions or takeovers by Dutch and foreign investors. Legislation and an industry code of conduct providing for a marginal restriction of takeover defenses took effect in 1997. A further move towards more open Anglo-Saxon type merger and takeover practices is expected when by 2003 the EU takeover directive takes effect.

The Netherlands maintains no preferential or discriminatory export or import policies with the exception of those which result from its membership in the European Union. The Dutch also abide by all internationally agreed strategic trade controls. In summary, Dutch domestic restrictions on foreign investment remain minimal and no new ones are being planned. The Dutch investment climate should remain constant, but may be influenced in the future by EU policies.

The U.S. Government acknowledges the contribution that outward foreign direct investment is increasingly viewed as a complement or even a necessary component of trade. For example, roughly 60 percent of U.S. exports are sold by American firms that have operations abroad. Recognizing the benefits that U.S. outward investment brings to the U.S. economy, Government undertakes initiatives, such as investment treaty negotiations and business facilitation programs, that support U.S. investors.

**Right to Private Ownership and Establishment**

There are full rights of private ownership and establishment of business enterprises in the Netherlands, except in the monopoly sectors as noted in the introduction. Numerous enterprises in the Netherlands are 100 percent owned by foreign firms. Licenses are granted on the basis of competitive equality.

**Protection of Property Rights**

The Netherlands has a generally good record on IPR protection, with the exception of the enforcement of anti-piracy laws (see below). It belongs to the World Intellectual Property Organization (WIPO), is a signatory of the Paris Convention for the Protection of Industrial Property, and conforms to accepted international practice for protection of technology and trademarks. Patents for foreign investors are granted retroactively to the date of original filing in the home country, provided the application is made through a Dutch patent lawyer within one year of the original filing date. Patents are valid for 20 years. Legal procedures exist for compulsory licensing if the patent is determined to be inadequately used after a period of three years, but these procedures have rarely been invoked. Since the Netherlands and the United States are both parties to the Patent Cooperation Treaty (PCT) of 1970, patent rights in the Netherlands may be obtained if PCT application is used. The Netherlands is a signatory of the European Patent Convention, which provides for a centralized Europe-wide patent protection system. This convention has simplified the process for obtaining patent protection in the member states. Infringement proceedings remain within the jurisdiction of the national courts, which could result in divergent interpretations detrimental to U.S. investors and exporters.

The enforcement of anti-piracy laws remains a concern to U.S. producers of software, audio and videotapes, and textbooks. The Netherlands allegedly is one of Europe's worst piracy offenders with as much as half of software used in the country illegally copied. An estimated 30 percent of high school students are currently copying digital audio CD's for commercial distribution. This has led to a 20 percent drop in the sales volume of the audio industry in the first half of 1999. The Dutch government has recognized the need to protect intellectual property rights and law enforcement personnel have worked with industry associations to find and seize pirated software. Dutch IP legislation explicitly includes computer software as intellectual property under the copyright statutes.

**Adequacy of Laws and Regulation Governing Commercial Transactions**

**Foreign Trade Zones/Free Ports**

The Netherlands has no free trade zones or free ports in the sense of territorial enclaves where commodities can be processed or reprocessed tax-free. There are, however, a large number of customs warehouses (EU category A through E, but no category A and F or “Free Zones”) and free warehouses at designated places and international airports where goods in transit may be temporarily stored under customs supervision. Goods may be repacked, sorted or relabeled.

## Major Taxation Issues

## Performance Requirements/Incentives

There are no trade-related investment performance requirements in the Netherlands. General requirements to qualify for investment subsidy schemes apply equally to domestic and foreign investors. There are no requirements for employment of local capital or managerial personnel. However, in practice almost all chief executives of major U.S. subsidiaries in the Netherlands are Dutch or other EU nationals, because skilled managers are available at a cost less than that of posting an American abroad. In the case of staff personnel, moreover, Dutch nationals must be employed unless firms can demonstrate that the job in question cannot be performed by a Dutch national. This burden is eased by an existing provision that prior employment with the firm of at least two and a half years amounts to a presumption of unique qualifications for the job.

Limited, targeted investment incentives have long been a well-publicized tool of Dutch economic policy to facilitate economic restructuring and to promote energy conservation, regional development, environmental protection, R&D, and other national socioeconomic goals. Subsidies and incentives are available to foreign and domestic firms alike and are spelled out in detailed regulations. Subsidies are in the form of tax credits which are usually disbursed through corporate tax rebates, or direct cash payments in the event of no tax liability. The investment premium regulation (IPR), the only major investment incentive still available to investors, aims to encourage corporate investment in parts of the country with a high unemployment rate by giving an investment subsidy for new investments (industrial buildings and fixed assets).

The IPR subsidy applies to capital investment, of which at least 25 percent is the investor's own capital. Grants ranging from 20 percent of the investment up to 18 million guilders ($9 million) per project for new investment and expansion in buildings and equipment, and sometimes land, to 15 percent in case of new investment or expansion of up to eight million guilders ($4 million), made five years after establishing, apply to the Northern provinces of Groningen, Friesland, and Drenthe. IPR grants ranging for new investment and expansions in the Twenthe region in the East and the province of Limburg in the South are determined on an ad hoc basis. Local investment subsidies are sometimes also available from regional development companies. Regional non-tax incentives are available in the form of cash grants, low-interest loans, local government participation, and export guarantees for selected areas. The growing number of tax incentives offered to investors in other EU countries has prompted the government to look into the possibilities of expanding existing tax instruments to aggressively improve the Dutch tax climate vis-a-vis that in competitor countries like Belgium, Germany and Ireland.

### Transparency of the Regulatory System

Laws and regulations which affect direct investment, such as environmental rules, health and safety regulations, etc., are non-discriminatory and apply equally to foreign and domestic firms. Dutch tax law facilitates attracting non-Dutch personnel to live and work in the Netherlands. Currently, the expatriate temporarily working in the Netherlands can make use of the 35 percent ruling, which provides that 35 percent of his/her gross employment income in the Netherlands is not taxable under Dutch personal income tax laws. This treatment is granted for four years, with another four years possible upon application. Furthermore, the expatriate is considered a non-resident, meaning that only income from Dutch sources is taxed in the Netherlands.

Effective January 1, 1998, Dutch corporations and branches of foreign corporations are subject to a corporate tax rate of 35 percent on taxable profits, among the lowest in the EU, and second only to the UK. Dutch corporate taxation generally allows for the exemption of dividends and capital gains derived from a foreign subsidiary (participation exemption). No local Dutch income taxes are levied on corporations. Furthermore, the Netherlands maintains an extensive network of tax treaties with a large number of countries. A new tax treaty with the U.S. took effect on January 1, 1994.

### Corruption

The Dutch government is currently taking steps to prevent and combat corruption and bribery of public officials in procurement and in international business transactions. Implementing 1996 OECD recommendations, draft legislation eliminating the tax deductibility of foreign bribes was introduced in 1997. Draft legislation aimed at criminalizing commercial bribery in an effective and coordinated way is based on UN, EU, and OECD anti-bribery initiatives. Corruption in the Netherlands is, however, not expected to become a penal offense until the year 2000. Likewise, bribes paid by Dutch businesses in landing contracts abroad will continue to be deductible for corporate tax purposes until new antibribery legislation will be passed sometime in 2000. The Dutch have signed the OECD's convention on the criminalization of foreign commercial bribery and hope to ratify it before the end of 1999. At a national level, Dutch justice and interior ministries have taken steps to sharpen regulations which seek to combat bribery in public procurement and in the issuance of permits and subsidies.

**Labor**

The Dutch workforce is largely well-educated and multi-lingual with the skills needed in a sophisticated, high-tech economy. Because employment in the Netherlands rose more than the labor force did in the past few years, the official unemployment rate currently ranks among the lowest in the European Union. Unemployment is forecast to fall from average seven percent of the labor force in 1997, to just over five percent in 1999 and 2000, which is roughly half the EU-15 average. Despite favorable labor market developments, structural unemployment, particularly long-term unemployment, is still considered too high. The Dutch government, therefore, continues to give the highest priority to job creation.

The Netherlands currently has the highest level of part-time work of the EU. The substantial increase in the participation of women in the workforce resulted in the significant rise in part-time work. About 40 percent of the working population is currently employed part-time, which has significantly improved labor market flexibility.

The Dutch government's job creation policy is focused on the following elements: reducing the tax burden and social security contributions, moderate growth in wage levels, redistribution of work, and strengthening the economic structure. In addition, the Dutch government has taken some measures to improve labor market flexibility. This combination of greater (but not full) labor market flexibility, consensual wage restraint, and lowering of the tax burden and social security contributions has received praise as the "Dutch Model."

A 1999 benchmark report by the European industry federation Unice observed that, despite relatively high wage costs, the Netherlands has one of the highest levels of labor productivity in the manufacturing industry. In order to reduce the gap between productivity and wage costs, the Dutch government has significantly reduced employers' costs for workers who earn or are just above the minimum wage level. It has also called on organizations of employers and workers to create jobs at the lowest end of the wage scale. Currently, the lowest wage established by collective labor agreements (CAO's) is about 8 percent higher than the statutory minimum wage. Collective labor agreements (CAO's) for 1999 do indeed provide for lower wage scales.

Labor/management relations in both the public and private sectors are generally good in a system which emphasizes the concept of social partnership. Although wage bargaining in the Netherlands is increasingly decentralized, there still exists a central bargaining apparatus where labor contract guidelines are established. About 75 percent of all Dutch workers are covered by union contracts which are negotiated on a sector basis with employers associations and, if accepted by the government, extended by law to the entire sector. Collective bargaining agreements negotiated in the past few years have, by and large, been accepted by the rank and file without much protest, despite only moderate wage rises, and days lost to strikes are relatively low. The contract wages rise in 1999 and 2000 is expected to soften only slightly from a contract wage increase of over three percent in 1998. Per unit wage costs, on the other hand, are expected to rise more rapidly, and a forecast four percent increase will exceed a 1.75 percent average wage costs rise in Euroland. This is expected to reverse a decline in the share of labor in enterprise income since 1997, and raise the labor to enterprise income ratio to average 83 percent in 1999 and 2000.

Workers may be found through government-operated labor exchanges, a rapidly growing number of private employment firms or directly through, for example, newspaper ads. The average work week was brought down from 38 hours to 37 hours in 1996. There is a trend to cut working hours further in order to create jobs or avoid layoffs. Recently concluded wage contracts include provisions for a 36-hour work week. Also the American business community in the Netherlands has given a cautious thumbs up to calls to split the average 37-hour working week over four instead of five days, and treat Saturday as a normal working day. This would help ease the country's perennial traffic choked roads and allow companies to better utilize its machinery. On the other hand, new legislation has been adopted increasing the flexibility in the operating hours of companies and shops.

The Dutch have always had a trade-dependent economy which derives its strength from free trade and a stable industrial climate fostered by partnership between unions, employers organizations and the government. There is substantial labor involvement in corporate decision-making on matters affecting workers. Each company in the Netherlands with at least 50 workers is required by law to institute a Works Council with which management must consult on a range of issues including investment decisions. Legislation implementing an EU Work Council directive came into effect in March of 1998. Trade unions and management are generally receptive to foreign investment, especially where this leads to improved employment possibilities and related benefits. U.S. companies generally perceive Works Councils as contributing to management-worker relations and a benefit to the company.

### Efficiency of Capital Markets and Portfolio Investment

Dutch financial markets are fully developed and operate at market rates, facilitating the free flow of financial resources. The Netherlands is an international financial center for a foreign exchange market and for Eurobonds and bullion trade. The flexibility that foreign companies enjoy in conducting business in the Netherlands extends into the area of currency and foreign exchange. There are no restrictions on foreign investors' access to sources of local finance.

### Conversion and Transfer Policies

There are no restrictions on the conversion or repatriation of capital and earnings, including branch profits, dividends, interest, royalties, or management and technical service fees, with the exception of the nominal exchange license requirement for non-resident firms.

### Expropriation and Compensation

The Netherlands maintains strong protection on all types of property, including private property, and the right of citizens to own and use property. Expropriation would only take place in the public interest and with adequate compensation. We have no reason to believe that it would be undertaken in a discriminatory manner or in violation of established principles of international law. Although the Embassy is unaware of any recent cases involving expropriation of foreign-owned property, government plans for a drastic reform of the concession system for gasoline stations along Dutch superhighways has caused acute concern among U.S. oil companies. The proposed reforms seek to terminate existing "indefinite" licenses and redistribute all licenses for old and new sites through a system of "asymmetrical" auction. This system may be tailored to favor new entrants and small operators, ostensibly to increase competition among operators of gasoline stations along Dutch highways. U.S. operators have raised important investment policy and property rights concerns.

**Dispute Settlement**

The Embassy is not aware of any investment dispute involving the Dutch government and U.S. or other foreign companies. The Netherlands is a signatory to the international convention on investment disputes and a member of the International Center for the Settlement of Investment Disputes (ICSID). Although the central government has no rules regarding withdrawals of investment, occasionally trade unions go to court over company closures. This has occurred in the case of both domestic and foreign-owned firms.

**Political Violence**

The Netherlands is noted for its stable political environment. In the highly consensus-oriented Dutch society, political violence is nonexistent. The Dutch economy derives much of its strength from a stable industrial climate fostered by partnership between unions, employers organizations, and the government. Strikes are not very often regarded as the primary means to settle labor disputes, and labor strikes in recent decades have been very rare.

**Bilateral Investment Agreements**

The Netherlands has signed bilateral investment agreements with a large number of countries including: Albania, Argentina, Bangladesh, Belarus, Bolivia, Bosnia-Herzegovina, Brazil, Bulgaria, Cameroon, Cape Verde (Republic of), Chili, China, Croatia, Czech Republic, Egypt, Estonia, Georgia, Ghana, Hong Kong, Hungary, India, Indonesia, Ivory Coast, Jamaica, Jordan, Kenya, Korea (Republic of), Latvia, Lithuania, Macedonia, Malaysia, Malta, Mexico, Moldova (Republic of), Mongolia, Morocco, Nigeria, Oman, Pakistan, Paraguay, Peru, Philippines, Poland, Romania, Russian Federation, Senegal, Singapore, Slovenia, Slovak Republic, South Africa, Sri Lanka, Sudan, Tanzania, Thailand, Tunisia, Turkey, Uganda, Ukraine, Uruguay, Uzbekistan, Venezuela, Vietnam, Yemen, Yugoslavia and Zimbabwe. The Netherlands adheres to the OECD codes on capital movements and invisible transactions, with the exceptions mentioned earlier, and has a treaty of friendship, commerce and navigation with the U.S. which generally provides for national treatment and free entry for foreign investors, with certain exceptions.

### OPIC and Other Investment Insurance Programs

The Netherlands has no investment insurance agreements like OPIC's. However, Dutch companies investing in developing countries through the establishment of subsidiaries or joint ventures can insure their investment against non-commercial risks with the privately-owned Netherlands Credit Insurance Company (NCM) under the 1969 Investment Insurance Act (WHI). The NCM reinsures its political risks with the Ministry of Finance. This insurance program has not been heavily utilized by Dutch investors, however, and efforts are underway to find ways of making the program more effective.

According to article 7b of the Investment Reinsurance Act of 1969, reinsurance of investment in LDC's can be provided only if a satisfactory agreement has been reached with the recipient country regarding regulations which will apply to Dutch investment in that country. The Act covers procedures which will be followed in the case of a dispute between the investor and the host country on recovery of indemnity resulting from the insurance of the investment. A temporary program covering the insurance of investment in all Eastern and Central European countries, with the exception of the former Yugoslavia and the Asian republics of the CIS was introduced in 1991. This program was merged with similar programs for developing countries in early 1997. The Netherlands is a member of the Multilateral Investment Guarantee Agency (MIGA).

### Capital Outflow Policy Guideline

### Foreign Direct Investment Statistics

Data on the stock of foreign direct investment in the Netherlands (by country of origin and industry sector) and comparable data covering the stock of Dutch direct investment abroad are compiled by the Netherlands Central Bank (NB) on an ad hoc basis. The Netherlands Central Bank investment statistics reveal that the total FDI stock in the Netherlands at the end of 1997 equaled 36 percent of GDP, while FDI inflows in 1998 rose sharply to nine percent of GDP. The FDI stock in the Netherlands is among the highest in the European Union.

Foreign direct investment statistics in the Netherlands are based on sources of capital inflows and not on actual "by country" investment outlays. Official Economic Ministry statistics based on actual investment outlays by country of origin and by industry sector are protected for commercial reasons.

During the last decade the number of foreign companies with establishments in the Netherlands has grown to over 6,400, employing more than 357,000 workers. Included are more than 1,600 U.S. companies which account for 150,000 jobs. In 1998, the number of foreign direct investment projects established though the official Foreign Investment Agency (NFIA) totaled 108, with a value of 1.4 billion guilders (roughly $700 million), and created roughly 5,253 new jobs. The bulk (60) were U.S. investments worth 876 million guilders ($438 million), concentrated predominantly in European headquarters and call centers. This, and capital movements by non-bank financial enterprises, raised the stock of U.S. direct investment in the Netherlands to $50 billion ($65 billion according to USDOC statistics). This ranks the Netherlands as third largest recipient of U.S. direct investment worldwide, up from fifth largest in 1995, and moving ahead of countries like France and Switzerland. There is no compulsory registration of foreign investment projects in the Netherlands. Since there is a considerable amount of regional investment acquisition, the total volume and value of direct investment projects in 1998 (NFIA sponsored projects plus independent projects) is unknown but estimated to be considerably higher than the official number.

Foreign companies in the Netherlands account for more than a quarter of industrial production and employment in industry. At the end of 1998, roughly one quarter (23 percent) of foreign establishments in the Netherlands was of U.S. origin, with four percent Japanese, 51 percent from the EU, 10 percent from other European countries, and the remaining 12 percent from non-OECD and non-EU countries. During the past few years, investment from the U.S. has seen a sharp increase in both manufacturing and services. The Economics Ministry is confident that with the completion of the EU internal market and the creation of an Economic and Monetary Union (EMU), investment from the U.S. will continue to play a dominant role in overall foreign investment. Special efforts are being made to attract investments in value-added logistics, shared service centers, call centers, and European headquarters.

**Major Foreign Investors**

During the period 1987 through 1998, the Netherlands Foreign Investment Agency (NFIA) was involved in the establishment of 436 U.S. investment projects in the Netherlands with a total investment value of 9.3 billion guilders ($4.6 billion). The most important U.S. investment projects in the Netherlands include: Abbott, Albany International B.V., Amgen Inc., APM-Holland, American Saw & Mfg. Company Int., Amresco, Arco Chemicals, Airtouch Communications, Arrow International, BF Goodrich, Bruce Foods Inc., Caddock Europe B.V., Campbell, Cargill, Davidson/Marley, Cisco Systems Inc., Datastream Inc., Distribution Services International, Dow Chemical, Du Pont de Nemours, Engelhard Terneuzen B.V., Eastman Chemicals, Euramax Castings, General Electric Plastics, IAMS Pet-food Company, Intec Engineering, Hewlett-Packard (SCI Systems), Kelsey Hayes, Lucent Technologies, Malden Mills, Mattel, Medarex Inc., Media Cybernetics, Memorex-Telex, Metrix, Metromedia Technologies International Inc., Morton International, Nike, Oasis, Pemstar, Perkin-Elmer, Phillip Morris Holland B.V., Plantronics, Prime Computers, Reebok International, Seagate Technology, SC Johnson Polymer, Silicon Graphics Inc., Spechem B.V., SPX Power Team (O.T.C.), Tandem Computers, Tessco Technologies, Vitalink Europe B.V., Western Digital Corporation, Packard Bell, Mobil Chemical Company, Nike, Scholle Corporation, and Texas Instruments.

The Netherlands is regarded as one of the most attractive countries for setting up European headquarters, call centers, shared services centers (SSC's), and European distribution centers (EDC's). Of all foreign headquarters established in Europe, 57 percent are located in the Netherlands. An estimated 25 percent of SSC's in Europe have chosen to come to the Netherlands. The Netherlands currently also has some 200 call centers within its borders. The Dutch also lead Europe in attracting distribution centers. An estimated 42 percent of U.S. multinational companies have established a European distribution center in the Netherlands. U.S. companies investing in the Netherlands have also been expanding strongly in the micro-electronics field, value-added logistics and the establishment of European headquarters. According to the NFIA, computer manufacturers in particular are looking to northern Europe to establish an assembly, maintenance and distribution center. To this end Packard Bell is currently successfully operating a distribution center in the city of Nijmegen in the east employing 500 workers. PC manufacturer, Ingram Micro, announced plans to built a multi-million dollar regional distribution center in the province of Limburg in the south. Ingram Micro recently acquired Dutch PC producer Tulip. Other large U.S. electronics firms with establishments in the Netherlands are AT&T, Rank Xerox, IBM, and Honeywell.

During the period 1987 through 1997 the NFIA attracted 394 non-U.S. investment projects valued at 5.8 billion guilders ($2.9 billion), notably from Japan, South Korea and Taiwan, and including: British Oxygen Company, British Steel, Ericsson, Fuji Photo, Hoechst Holland, Kyowa Chemical Industry, Marley Foam, M&T Chemical, Mead, Metallverken, Mita Europe, Mitsubishi, Mitsubishi Motors, Mitutoyo, Nissin Food, Nissan, Omron, Outokumpu, Plalloy, Rexham UK, Roth Frere, and Supertron.

The top fifteen U.S. investors in the Netherlands - based on the number of employees, are listed below:

1. Sara Lee/Douwe Egberts NV
P.O. Box 2
3500 CA Utrecht
Phone: (31) 30 292 7311
Fax: (31) 30 293 7646
Manufacturing, sales and marketing of coffee and groceries, and household and personal care products.

2. AT&T Network Systems International BV
P.O. Box 1168
1200 BD Hilversum
Phone: (31) 35 687 3111
Fax: (31) 35 687 1748
Telecommunications equipment and systems.

3. Philip Morris Holland BV
P.O. Box 205
4600 AE Bergen op Zoom
Phone: (31) 164 279 911
Fax: (31) 164 279 335

Manufacturing, sales and marketing of cigarettes and tobaccos.

4. Ernst & Young
G.H. Betzweg 1
3068 AZ  Rotterdam
Phone: (31) 10 407 4444
Fax: (31) 10 455 6440
Accountants and auditors, tax advisers, and management consultants.

5. IBM Nederland NV
P.O. Box 9999
1006 CE  Amsterdam
Phone: (31) 20 513 3111
Fax: (31) 20 513 3634
Development, production, maintenance and sales of word processing, data processing and telecommunications equipment and services.

6. Alcoa Nederland Holding
P.O. Box 21
5150 BA Drunen
Phone: (31) 416 386 100
Fax: (31) 416 386 210
Manufacturing and sales of aluminum rolling and extrusion and end products.

7. General Electric Plastics Europe BV
P.O. Box 117
4600 AC  Bergen op Zoom
Phone: (31) 164 232 911
Fax: (31) 164 232 940
Manufacturing, sales and marketing of thermoplastic resins.

8. Coopers & Lybrand Dijker van Dien
P.O. Box 94200
1097 GE  Amsterdam
Phone: (31) 20 568 6666
Fax: (31) 20 568 6888
Accounting and auditing services, tax and management consultancy.

9. Deloitte & Touche
P.O. Box 90721
2509 LS The Hague
Phone: (31) 70 326 4701

Fax: (31) 70 324 4482
Public accountants, tax advisors and related services.

10. Dow Benelux NV
P.O. Box 48
4530 AA  Terneuzen
Phone: (31) 115 671 234
Fax: (31) 115 672 423
Production of chemicals and plastics.

11. Digital Equipment BV
P.O. Box 9064
3506 GB Utrecht
Phone: (31) 30 283 9111
Fax: (31) 30 289 0623
Electronics

12. Rank Xerox Manufacturing (Nederland) BV
P.O. Box 43
5800 MA Venray
Phone: (31) 478 525 000
Fax: (31) 478 588 159
Manufacturing of copying equipment and supplies.

13. Du Pont de Nemours (Nederland) BV
P.O. Box 145
3300 AC Dordrecht
Phone: (31) 78 621 8911
Fax: (31) 78 616 3737
Manufacturing and sales of plastics, synthetic fibers and industrial organic chemicals.

14. Cargill
P.O. Box 8074
1005 AB Amsterdam
Phone: (31) 20 580 1911
Fax: (31) 20 682 0193
Agricultural products.

15. Honeywell BV
P.O. Box 12683
1100 AR Amsterdam
Phone: (31) 20 565 6911
Fax:   (31) 20 565 6600
Manufacturing and sales of low pressure regulators for gas burners, micro switch precision components, control apparatus

for heating, ventilating, air-conditioning controls, instruments and systems for process automation, safety controls for steam boilers, hot water boilers and special liquid level application and flow switches.

### Contact Information for Investment Related Inquiries

## CHAPTER VIII. TRADE AND PROJECT FINANCING

### Description of Banking System

Banking and financing are important service industries in the Netherlands providing funds for international as well as domestic trade. The Dutch financial sector is dominated by three Dutch bank conglomerates - ABN Amro, Rabobank, and ING Bank - which have about 75 percent of total lending. U.S. financial services providers in the Netherlands play on a level legal field. The Finance Ministry and Central Bank grant full national treatment to foreign banks.

According to the Finance Ministry, Dutch legislation implements all existing EU law and regulations on the provision of financial services. Banks organized in the Netherlands as branches of a U.S. parent cannot benefit from the EU single banking passport and are subject to both U.S. and Dutch regulations.

Foreign financial services providers face no special conditions or restrictions, and receive full national treatment. However, one provision of the Dutch 1992 Banking Act does reflect the EU Banking Directive's "reciprocity" provision. The Finance Ministry says this section has never been used, and that all applications from non-EU parent banks are handled on a national treatment basis.

To locate Dutch banks with correspondent U.S. banking arrangements, contact:

The Netherlands Bankers' Association (NVB)
P.O. Box 3543
1001 AH Amsterdam
Phone: (31) 20 550 2888
Fax: (31) 20 623 9748.

### Foreign Exchange Controls Affecting Trade

There are no foreign exchange controls in the Netherlands.

### General Availability of Financing

Banking facilities for international transactions available in the Netherlands generally meet or exceed U.S. standards.

### How to Finance Exports/Methods of Payment

Financing is provided at market rates by commercial banks and (for a small part) by a specialized export financing company - NV Export Financiering Maatschappij, set up by the large commercial banks.

### Types of Available Export Financing and Insurance

The Nederlandsche Credietverzekering Maatschappij NV (NCM), a private company owned by the Dutch banks, and a number of insurance and export finance companies, provides export credit insurance. NCM can be contacted at: Nederlandsche Credietverzekering Maatschappij NV, Keizersgracht 271-287, 1016 ED Amsterdam, Phone: (31) 20 553 9111, Fax: (31) 20 553 2811. Information on Eximbank programs can be obtained from the marketing department, Phone: (202) 566-8860. Eximbank also has a toll free number, Phone: (800) 424-5201, that provides information on its overall programs.

### Availability of Project Financing

Most projects are financed by public and private sector lenders at commercial rates.

### Types of Projects Receiving Financial Support

As a member of the European Union, the Netherlands has access to EU-funded programs which provide a wide range of support in the form of grants, loans and co-financing for training, feasibility studies, infrastructure projects in the environmental, transportation, energy and other key sectors. EU initiatives are designed to support projects within its Member States and the EU-wide "economic integration" projects that cross over borders.

EU Structural Funds are available to assist economically depressed regions that require industrial restructuring and agricultural re-conversion. Tenders for such projects are subject to EU public procurement legislation, provided that the tender meets the EU threshold requirements. There are no overt prohibitions against the participation of U.S. firms. From a commercial perspective, these initiatives create significant market opportunities for European firms of American parentage.

## List of Banks with Correspondent U.S. Banking Arrangements

The Dutch banking sector is dominated by three big Dutch banks: ABN Amro, ING, and Rabobank. Nonetheless, U.S. and foreign banks are represented. Important bank contacts:

ABN Amro Holding NV
P.O. Box 283
1000 EA Amsterdam
Phone: (31) 20 628 9898
Fax: (31) 20 628 7740
Internationale Nederlanden Bank NV (ING)
P.O. Box 1800
1000 BV Amsterdam
Phone: (31) 20 563 9111
Fax: (31) 20 563 5700

Rabobank Nederland
P.O. Box 17100
3500 HG Utrecht
Phone: (31) 30 290 9111
Fax: (31) 30 290 2672

Bank of America National Trust and Savings Association
P.O. Box 1638
1000 BP Amsterdam
Phone: (31) 20 557 18 88
Fax: (31) 20 557 16 00

Citibank NA
P.O. Box 23445
1000 DX Amsterdam
Phone: (31) 20 651 42 11
Fax: (31) 20 651 42 34

Foreign Bankers' Association
P.O. Box 19870
1000 GW Amsterdam
Phone: (31) 20 550 2888
Fax: (31) 20 623 9748.

CHAPTER IX. BUSINESS TRAVEL

**Business Customs**

The Dutch market is a highly competitive market and the U.S. exporter must keep certain factors in mind to achieve maximum success. The "golden keys" of customary business is courtesy, especially replying promptly to requests for price quotations and to orders. These are a prerequisite for exporting success. In general, European business executives are more conservative than their American counterparts; therefore, it is best to refrain from using their first names until a firm relationship has been formed. Friendship and mutual trust are highly valued, and once an American has earned this trust, a productive working relationship can usually be counted upon.
Dutch buyers appreciate quality and service and are also interested in delivery price. Care must be taken to assure that delivery dates will be closely maintained and that after-sales service will be promptly honored. The Dutch and Europeans in general, are concerned that after placing an order with an American suppliers, the delivery date will not be honored. While there are numerous factors that may interfere with prompt shipment, the U.S. exporter must allow for additional shipping time and keep in close contact with the buyer. It is much better to quote a later delivery date that can be guaranteed than promise an earlier delivery that is not completely certain.

U.S. exporters should maintain close liaison with distributors and customers to exchange information and ideas. In most instances, mail, fax, or telephone communication is sufficient, but the understanding developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly. Prompt acknowledgment of correspondence by airmail or fax is recommended.

Further, U.S. exporters should seriously consider warehousing in the Netherlands for speedy supply and service of their European customers. A vigorous and sustained promotion is often needed to launch products because of buying habits. Products must be adapted to both technical requirements and to consumer preferences. It is not sufficient to merely label a product in conformity to national requirements for the development of the full market potential. Consumers must also be attracted to the product by label and packaging as well as ease of use.

**Travel Advisory and Visas**

Every U.S. traveler must have a valid passport. No visa is required for U.S. citizens visiting the Netherlands for less than 3 months, but one is required for longer periods. An American citizen entering the Netherlands for permanent residence must register with the Dutch Aliens Police as soon as possible after entering the country. American citizens should also register with the U.S. Consulate General if they plan to live in the Netherlands. U.S. citizens planning to work in the country must first obtain a work permit. The permit must be presented to immigration upon arrival. Such permits must be obtained by the Dutch employer and are usually granted only for specialized work. Management and skilled workers have no difficulty in obtaining work permits.

**Holidays**

The year 2000 dates listed below are the official statutory holidays when most commercial offices and banks are closed. Certain other days are celebrated as holidays within local jurisdictions. American holidays are observed by the U.S. Embassy and Consulate General and should be considered when telephoning or visiting the U.S. & Foreign Commercial Service staff.

| | |
|---|---|
| New Year's Day | January 1 |
| Good Friday | April 21 |
| Easter Monday | April 24 |
| Ascension Day | June 1 |
| Whit Monday | June 12 |
| Christmas | December 25 & 26 |

**Work Week**

Monday to Friday, 37 hours

**Business Infrastructure**

Language Communication

English usually can be used in commercial correspondence. However, not all Dutch understand English and for retail products it is essential to provide advertising, labeling, and use instructions in Dutch. If such literature cannot be provided, the U.S. exporter should work with the Dutch importer or distributor to have the products labeled in the Netherlands.

While language barriers pose no problems, some expressions and terms may have different meanings from those in the U.S. To assure better understanding, it is well to define unfamiliar terms in commercial activities. By reference and the use of INCOTERMS in an agreement, both parties will be using the established international set of commercial terms which helps to reduce possible misunderstandings and promotes fair dealing.

## Housing

Housing is often difficult to find and rents vary widely. Family housing of a size to which Americans are accustomed will be expensive in or near the larger cities. In many areas, furnished quarters are easier to find than unfurnished quarters. The term "unfurnished" must be taken literally. The tenant often must provide electric fixtures, stove, refrigerator, water heater, wardrobes, etc. Usually, the owner accepts responsibility only for exterior repairs; interior maintenance and repairs are usually at the tenant's expense. It might be necessary to engage a real estate agent (makelaar), although their fees are high. A municipal housing permit is required to occupy certain houses and apartments, and the landlord can advise you on this. Be aware that a verbal commitment can be considered a legally binding contract.

## Transportation

Rental automobiles are available at numerous locations. An international or state driving license is acceptable. Cars are driven on the right-hand side of the road. The national roads and highways are excellent. Newcomers may find driving in town a little disconcerting because of the many cyclists who often make unexpected turns or must be passed at close range. Some city streets have special bicycle paths. Right-of-way is that of the vehicle entering from the right unless the vehicle is coming out of a driveway. Roads posted with orange diamonds do not have to yield the right-of-way. The speed limit in the cities is 30 miles (50 km) per hour and on highways about 70 miles (120 km) per hour.

Most cities in the Netherlands have good public transportation systems (e.g. trains, buses, streetcars), and prices are reasonable. Taxis are available everywhere and the fare is comparable with other European cities.

## Health

Medical services are excellent and hospitals compare with those in the U.S. Common medical needs are readily obtained, and special supplies are normally available on short notice. An international certificate of vaccination is not required for travelers from the U.S. Drinking water is excellent, most pharmaceuticals are available, and sanitation is at American standards.

## Currency

The basic monetary unit is the Dutch guilder or florin (usually indicated as Dfl. Nfl. or as fl. The guilder is issued in paper notes of Dfl. 1,000, 250, 100, 50, 25 and 10. Coins are issued in units of Dfl.5, Dfl.2,50, Dfl.1,00, 25c, 10c and 5c. Current value $1 = Dfl. 2

## Other Information

With the ease of telephone communications, international calls are frequently the best method of arranging appointments and maintaining solid commercial relations. The Dutch are usually adept at handling business calls in English, but the American executive must be prepared to expect some language problems. The time zone for the Netherlands is Greenwich mean time +1, or 6 hours ahead of the U.S. eastern standard time (EST + 6 hours). Fax machines and E-mail have increased the speed and ease of international communications and should be used to maintain strong business ties.

The electric current is alternating current, 50 cycle, 220 volts. American appliances, such as electric shavers and hair dryers do not work and will be damaged if used without a converter.

Conservative business attire is recommended at all times. Business appointments are also required and visitors are expected to be punctual.

U.S. Business travelers are encouraged to obtain a copy of the “Key Officers of Foreign Service Posts: Guide for Business Representatives” available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C.

20402; Tel. (202) 512-1800; Fax (202) 512-2250. Business travelers to the Netherlands seeking appointments with U.S. Embassy The Hague officials should contact the Commercial Service in advance. The Commercial Service can be reached by telephone at (31) 70 3109417, Fax at (31) 70 3632985, or E-mail at the.hague.office.box@mail.doc.gov

**Temporary Entry of Goods**

CHAPTER X. ECONOMIC AND TRADE STATISTICS

**Appendix A - Country Data**

A. Population: 15.7 million
B. Population Growth Rate: 0.56 percent
C. Religions: Roman Catholic, Protestant, significant Muslim and Jewish minorities
D. Government: Constitutional Monarchy with Parliament
Head of State: Queen Beatrix
Head of Government: Prime Minister Wim Kok
E. Languages: Dutch; English frequently used in business

**Appendix B - Domestic Economy**

| | 1997 | 1998 | 1999(E) |
|---|---|---|---|
| A. GDP (current $b) | 358.1 | 378.4 | 391.2 |
| B. Real GDP Growth Rate(%) | +3.6 | +3.7 | +2.0 |
| C. GDP Per Capita ($) | 23,102.0 | 24,257.0 | 24,918.0 |
| D. Govt. Spending (% of GDP) | 51.4 | 50.3 | 51.1 |
| E. Inflation (% change in CPI) | 2.2 | 2.0 | 1.75 |
| F. Unemployment (%) | 6.6 | 5.2 | 4.75 |
| G. Foreign Exch. Res.($b) (including gold) | 31.2 | 26.7 | N/A |
| H. Av. Ann. Exch. Rate ($1 = Guilder) | 1.95 | 1.98 | 1.90 |

**Appendix C - Trade**

| | | | |
|---|---|---|---|
| A. Total Exports (f.o.b./$b) | 200.4 | 209.5 | 206.6 |
| B. Total Imports (c.i.f./$b) | 179.2 | 184.7 | 183.1 |
| C. U.S. Exports (f.a.s./$b) | 19.8 | 19.0 | 21.0 |
| D. U.S. Imports (customs/$b) | 7.3 | 7.5 | 8.0 |

## Appendix D - Investment Statistics

A. Foreign Ownership Restrictions: None.
B. U.S. Direct Investment in the Netherlands:(end-1997) $64.6 billion
C. U.S. Share of Foreign Investment: 23 percent
D. Principal Foreign Investors: U.S., Germany Belgium/Luxembourg, UK
E. Dutch Direct Investment in the U.S.: (end-1997) $84.9 billion
F. Major U.S. Investors in the Netherlands: Amgen, Dow Chemical, Du Pont de Nemours, Cargill, Eastman Chemicals, General Electric Plastics, IAMS, Philip Morris, Packard Bell, Mobil Chemical Company.

Note: To facilitate comparability, all guilder figures have been converted into U.S. Dollars using a 1998 guilder/dollar exchange rate of 1.98 guilders to the dollar.

Sources: Central Planning Bureau (CPB), 1999 Budget Memorandum, Netherlands Central Bank (NB), U.S. department of Commerce Trade and Investment Statistics.

# CHAPTER XI: U.S. AND COUNTRY CONTACTS

## Appendix E - U.S. and Country Contacts

U.S. EMBASSY TRADE-RELATED CONTACTS

J. Laurence Eisenberg
Counselor for Commercial Affairs
The U.S. & Foreign Commercial Service
American Embassy
Lange Voorhout 102
2514 EJ The Hague
APO address:
American Embassy, The Hague
PSC 71, Box 1000
APO AE 09715
Phone: (31) 70 310 9417
Fax: (31) 70 363 2985

The U.S. & Foreign Commercial Service
American Consulate General
Museumplein 19

1071 DJ Amsterdam
Phone: (31) 20 575 5351
Fax: (31) 20 575 5350

Mark A Tokola
Counselor For Economic Affairs
American Embassy, The Hague
PSC 71, Box 1000
APO AE 09715
Phone: (31) 70 310 9271
Fax: (31) 70 310 9348

Phil Letarte
Counselor for Agricultural Affairs
American Embassy, The Hague
PSC 71, Box 1000
APO AE 09715
Phone: (31) 70 310 9209
Fax: (31) 70 365 7681

American Citizens Services
American Consulate General
Museumplein 19
1071 DJ Amsterdam
Phone: (31) 20 575 5309
Fax: (31) 20 575 5310
www.esemb.nl

COUNTRY TRADE OR INDUSTRIAL ASSOCIATIONS IN KEY SECTORS

AMERICAN CHAMBER OF COMMERCE
Burg. van Karnebeeklaan 14
2582 BB The Hague
Phone: (31) 70 365 9808
Fax: (31) 70 379 6322

Holland International Distribution Council
P.O. Box 85599
2508 CG The Hague
Phone: (31) 70 346 7272
Fax: (31) 70 360 3698
Trade association for transport, logistics, and warehousing companies.

VIFKA
P.O. Box 220

3454 ZL De Meern
Phone: (31) 30 662 1515
Fax: (31) 30 662 1717
Trade association for office, information and (tele) communication industries.

Vereniging Federatie Het Instrument
P.O. Box 2099
3800 CB Amersfoort
Phone: (31) 33 465 7507
Fax: (31) 33 461 6638
Trade association for suppliers of instrumentation for industrial electronics, automation, laboratories and medical technology.

FARON/FME
Netherlands Association of Manufacturers of Electronic Equipment
P.O. Box 190
2700 AD Zoetermeer
Phone: (31) 79 353 1355
Fax: (31) 79 353 1365

FENIT - Federatie Nederlandse Informatie Technologie
P.O. Box 11760
1402 AT The Hague
Phone: (31) 70 385 7171
Fax: (31) 70 383 6931

VLM
P.O. Box 190
2700 AD Zoetermeer
Phone: (31) 79 353 1323
Fax: (31) 79 353 1365
(Association of Dutch manufacturers of pollution control Equipment)

COUNTRY GOVERNMENT OFFICES RELATING TO KEY SECTORS

Ministry of Economic Affairs
P.O. Box 20101
2500 EC The Hague
Phone: (31) 70 379 7169
Fax: (31) 70 379 8074

Ministry of Agriculture, Nature Management
and Fisheries

P.O. Box 20401
2500 EK The Hague
Phone: (31) 70 379 3911
Fax: (31) 70 381 5153

Ministry of Transport
P.O. Box 20901
2500 EX The Hague
Phone: (31) 70 351 6171
Fax: (31) 70 351 7895

Ministry of Health, Welfare and Sport
P.O. Box 5406
2280 HK Rijswijk
Phone: (31) 70 340 7911
Fax: (31) 70 340 7834

Ministry of Housing, Physical Planning and Environment
P.O. Box 20951
2500 BZ The Hague
Phone: (31) 70 339 3939
Fax: (31) 70 339 1280

Ministry of Social Affairs and Employment
P.O. Box 90801
2509 LV The Hague
Fax: (31) 70 333 4444
Phone: (31) 70 333 4040

Netherlands Foreign Investment Agency (NFIA)
P.O. Box 20101
2500 EC The Hague
Phone: (31) 70 379 8818
Fax: (31) 70 379 6322

COUNTRY MARKET RESEARCH FIRMS

To locate market research firms in the Netherlands contact:
The Netherlands Association of Market Research Firms (NVVM)
Hogehilweg 8
1101 CC Amsterdam Z.O.
Phone: (31) 20 697 6951
Fax: (31) 20 691 0433

COUNTRY COMMERCIAL BANKS

To locate Dutch banks contact:

The Netherlands Bankers' Association (NVB)
P.O. Box 19780
1000 GW Amsterdam
Phone:  (31) 20 550 2888
Fax:  (31) 20 623 9748

WASHINGTON-BASED USG COUNTRY CONTRACTS

Paul Dacher
Netherlands Desk Officer
U.S. Department of Commerce/ITA
Room 3042
14th & Constitution Avenue, N.W.
Washington, D.C. 20230
Phone: (202) 482 6008
Fax: (202) 482 2897

TPCC Trade Information Center
Phone: 1-800-USA-TRADE

U.S. Department of Agriculture

Foreign Agricultural Service
Trade Assistance and Promotion Office
Phone: (202) 720 7420

U.S. Department of State Office of Business Affairs
Phone: (202) 746 1625
Fax: (202) 647 3953

U.S. Department of Commerce MAC Country Desk Officer (for market access and regulatory problems only)

AMERICAN STATE OFFICES IN THE NETHERLANDS

Indiana
World Trade Center
Strawinskylaan 305
1077 XX Amsterdam
Phone: (31) 20 571 1886
Fax: (31) 20 571 1889
Director: Mr. James Sitko

Maryland
Beurs - World Trade Center
Room 869
P.O. Box 30224
3001 DE Rotterdam
Phone: (31) 10 205 3860
Fax: (31) 10 205 5494
Director: Mr. Gary Kunkle

CHAPTER XII: MARKET RESEARCH AND TRADE EVENTS

**Appendix F - Market Research**

A complete list of all market research reports is available from the NTIS and the Showcase Europe web site. The following industry subsector analyses covering the Netherlands are currently available from the NTIS:

Agricultural Equipment
Business Travel
Dental Equipment and Services
Renewable Energy Technologies
Advertising Services
Water Pollution Control Equipment
Casual Apparel
DIY & Hardware Products

Internet Services
Air Pollution Control Equipment
Fast Food/Restaurant Franchise
Garage Equipment
Diagnostics
Household Consumer Goods

Scheduled Industry Subsector Analyses 1999/00:

Automotive parts & Accessories
Building Materials and Equipment
Computer services
Garden equipment
Home Health Care & Rehabilitation Equipment
Hotel, restaurant, and catering /food processing equipment
Laboratory Instruments
Logistic Services
Motor Vehicles
Native American products/art
Pleasure boats
Recycling Services
Solar Energy Systems
Telecommunication services
Travel and Tourism market

Scheduled Reports 1999/00: (Foreign Agriculture Service)

Scheduled Reports 1999/00: (Foreign Agriculture Service)

Fresh deciduous fruits semi-annual
Livestock semi-annual
Livestock brussels
Poultry semi-annual
Grain & feed annual
Forest products annual
Dairy semi-annual
Oilseeds & products annual report
Tobacco annual
Fairs: food/agr import regs.
Livestock annual
Poultry annual
Fresh deciduous fruit annual
Exporter guide
Competitor report
Seafood annual
Trade leads report
Foreign buyer list annual report
Frozen french fry annual
Dairy annual
Planting seed annual
Citrus annual report

## Appendix G - Trade Event Schedule

Because trade event schedules may change, firms should consult the export promotion calendar on the NTDB or contact the U.S. & Foreign Commercial Service for the latest information or to arrange individual trade programs.

International Buyer Program: The U.S. & Foreign Commercial Service in the Netherlands plans to promote international buyer attendance to all the domestic U.S. trade shows designated under the International Buyer Program. Where possible, a member of the U.S. & Foreign Commercial Service or one of the other agencies will escort the buyers' groups and use the occasion to address exporters and recruit U.S. exhibitors for Dutch and European trade shows. Firms should consult the Export Promotion Calendar on the NTDB for a list of shows in the International Buyer Program. They can also contact the U.S. & Foreign Commercial Service for more information, or to arrange individual trade programs.

FY 2000 U.S. & Foreign Commercial Service events in the Netherlands:

- Franchise Matchmaker: This matchmaker mission will be held in November 1999.

- "Biotechnology – the Science and the Impact." This conference will be held on January 20 & 21, 2000 in The Hague. A world-class group of speakers, each a leader in their field, will address issues in biotechnology that are of concern to consumers. The Commercial Service is organizing and hosting this event, which promises to be one of the most important events in this industry sector in 2000.

The U.S. & Foreign Commercial Service will recruit a U.S. pavilion at the following Dutch trade events:

| | | |
|---|---|---|
| January 2000 | Amsterdam, the Netherlands | Horecava 2000 |
| January 2000 | Utrecht, the Netherlands | Vakantiebeurs and Visit USA Academy |
| April 2000 | Utrecht, the Netherlands | Intertraffic |
| September 2000 | Amsterdam, the Netherlands | Aquatech 2000 |

Foreign Agricultural Service Events:

ANUGA
Cologne, Germany
October 9-14,1999

SIAL
Paris, France
October 22-26,2000

HORECAVA
Amsterdam, the Netherlands
January 10-13, 2000

FFF
Maastricht, the Netherlands
January 24-26, 2000

U.S. Food Export Show Case
FMI, Chicago
May 7-10, 2000

PLMA
Amsterdam, the Netherlands
May 23-24, 2000

Throughout FY 2000: Continued promotion of U.S. food and beverages through the Market Promotion Project. Organize and assist with menu promotions at hotels and restaurants throughout the Benelux.